

STUDIES IN ECONOMIC WARFARE

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PER BELLUM AD PACEM

PREFACE

THE direction of economic policy in time of war and in association with military action takes many forms, some of which impinge upon the internal structures of the communities which are engaged in hostilities. (There is the conscious diversion of resources from peace-time employments to the production of the instruments of war, and there are related problems of monetary and financial policy. With these problems this volume is not concerned. The present series of studies deals with the use of economic action as an attacking force against an enemy and the expression "economic warfare" is to be understood in this restricted sense. A realistic discussion of the problems so raised, however, cannot be purely economic, and it is necessary to encroach on the fields of diplomacy and international law. The importance of the issues raised need not be argued and no general introduction to the subject is required. The present volume is largely historical, but even in a period of rapid change the sense of historical continuity does not become irrelevant. At a time when the notion of neutrality appears to be undermined and when codes of international law appear to be repudiated with violence and sometimes with contumely, it is still important to know what that notion of neutrality and these codes of international law imply. They are neither static nor are they rigidly defined and in some respect they represent quite modern evolutions. The final Chapter which deals with recent events must remain tentative and incomplete, partly on account of limitations of space and partly because the printing press cannot keep pace with the rapidly changing drama of events, but it is hoped that even this incompleteness will not be without value.

warfare as it has been exercised in the course of the last hundred and fifty years. The present chapter is concerned with the use of the economic arm during the period of the wars with France from 1793 to 1815.

The idea of a comprehensive blockade of an entire country has its classical example in the Continental System as inaugurated by Napoleon in the Berlin Decree of 1806. The apparent object of that system was to isolate Great Britain from commercial intercourse with other countries in the expectation that thereby an internal economic collapse would be precipitated. In itself, the Continental System was the culmination of a form of economic warfare which had already been developed, and which had its roots in the assumptions and practices of Mercantilism as commonly accepted by nations during the two preceding centuries.

During the early stages of the French Revolution, British policy had remained aloof from the course of events in France, but by 1793 this attitude could no longer be maintained in the face of the increasing friction which had developed between the two countries. In January of that year, Louis XVI was executed and in the following month Great Britain joined the coalition against France. The wars which started in that year continued over a full two decades and were conducted with an increasing intensity. From the outset, economic action formed an important part of the armoury of the two countries. Thus in February 1793, the British Government, as one of its first actions, ordered the capture of all vessels and goods of enemy ownership. In May, the French National Convention issued a Decree which instructed the commanders of French warships and privateers

to seize and carry into the ports of the Republic merchant vessels which are wholly or in part laden with provisions, being neutral property, bound to an enemy's port, or having on board merchandise belonging to an enemy.

This latter order was an apparent violation of the Treaty of Amity and Commerce signed between the United

States and France in 1778,¹ and upon protest being made by the former a second Decree was issued which exempted American vessels from the provisions of the first. The action which was taken by the French National Convention was defended on the ground that a real scarcity of foodstuffs prevailed in France, but it was of a kind which was calculated to call forth retaliatory action. The British reaction was expressed in an Order in Council in June which instructed the commanders of naval vessels and privateers to

stop and detain all vessels loaded wholly or in part with corn, flour, or meal, bound to any port in France or any port occupied by the armies of France.

Both the French Decree and the British Order in Council contained clauses which sanctioned the payment of compensation to neutral owners of confiscated cargoes, but even this provision was unlikely to cover the entire loss which such owners would incur.² The general purpose of the British Government in formulating this Order was amplified in communications which were officially directed to the governments of the Baltic States and of the United States of America. In the communication addressed to the latter government, the policy was described in the following terms :

Mr. Hammond, Minister Plenipotentiary of Great Britain,
to Mr. Jefferson, Secretary of State.

Philadelphia, *September 12, 1793.*

SIR,

I have the honour of transmitting to you a copy of an additional instruction, given by His Majesty's order in council, to the com-

¹ Arts. XXIII and XIV of this Treaty provided that, with the exception of articles of contraband, the trade of either party should not be subject to interference by the other, even when that trade was directed towards a port in a country which was at war with either of the signatories. And the list of goods which were not to be treated as contraband included "all provisions which serve for the nourishment of mankind and the sustenance of life." The text of the Treaty is reprinted in *The Controversies over Neutral Rights between the United States and France, 1797-1800*. Edited by James Brown Scott.

² The fact that both the French Decree and the British Order provided for the payment of compensation may have converted the act from one of the seizure of contraband to one of pre-emption.

over the validity of treaties signed under the monarchy.¹ Under the Treaty of 1778, French warships were permitted to take prizes into American ports, and Genêt claimed that for that reason it was also permissible to convert these prizes into privateers with which to attack British shipping. This interpretation was firmly resisted by Jefferson, but Genêt persisted in his practice until the government of the United States demanded his recall.² In July 1793, Genêt lodged a protest against the action of British warships in seizing French property on American ships to which Jefferson replied that since the principle of "free ships, free goods" was one which the British Government had not accepted there was no valid ground on which the American Government could take action. On the other hand, complaint was made to the British Government that the Order in Council which was issued in June was a violation of international law which also inflicted serious hardship upon American agriculture. In November, a new Order in Council was issued in more drastic terms. The new Order authorised the capture of

all ships laden with goods the produce of any colony belonging to France, or carrying provisions or other supplies for the use of any such colonies.

In January 1794, the terms of this Order were modified in so far as direct trade in articles which were not contraband was permitted between the United States and the French West Indies, but the Order which was issued in November aroused great American resentment, more especially since some two hundred and fifty American vessels were seized and one hundred and fifty condemned before the modifying Order of January 1794 was issued.³

¹ The chief protagonists were Alexander Hamilton and Thomas Jefferson, the former taking the view that the overthrow of the French monarchy removed the obligation to fulfil the terms of the old treaties, and the latter arguing that the treaties continued to be binding apart from the form of government adopted by the French people.

² Latané: *American Foreign Policy*, p. 84.

³ Latané: *op. cit.*, p. 89.

The situation which was thus created was one which required delicate treatment if open conflict were to be avoided, but the atmosphere of tension which had been aroused in the United States was not conducive to such treatment. Reprisals would have been more popular if they could have achieved their object without inflicting greater damage upon the commercial interests of the country.¹ Fortunately, the unpopular policy was adopted. In May 1794, John Jay was sent as an envoy to Great Britain with wide powers of negotiation. In August, the British restrictions were relaxed and corn imports into France were freed from interruption. As against that, there was a certain arbitrary element in the conduct of privateers which it was difficult to eliminate, with the result that the practice of commercial warfare might depart appreciably from what was sanctioned by legal codes,² and that could affect neutral shipping as well as the traders of belligerent countries. In November, Jay and Grenville agreed on the terms of a new treaty which, apart from providing for arbitration in respect of certain outstanding frontier disputes, sanctioned the payment of compensation by both parties in respect of (a) the illegal seizure of American vessels by British warships, and (b) the capture of British vessels by French privateers which had been equipped in American ports.³ But the treaty went further and not merely granted the right of asylum to British naval vessels in American ports, but also recognised the right of Great Britain to capture enemy property in neutral merchantmen.⁴ The only com-

¹ Some slight reprisals were taken by Congress and in March and April an embargo was placed on all vessels in American ports destined to foreign ports. But manufactured goods came almost entirely from British exporters who allowed longer credit than was obtainable elsewhere. Latané: *op. cit.*, p. 50.

² Heckscher: *The Continental System*, p. 46.

³ The compensation which was finally obtained from the British Government amounted to \$11,650,000 as against \$143,428 obtained against the government of the United States. But it established a principle that for neglect of its duties as a neutral, a government could be held liable in damages.

⁴ Moore: *Principles of American Diplomacy*, p. 56. The treaty of 1778 with France had allowed French privateers the use of American harbours, while enemy cruisers were denied such access except under stress of weather conditions. The new treaty therefore represented a changed direction in American policy.

mercial concession which Jay obtained was a provision that American ships of not more than seventy tons might trade with the British West Indies provided they did not carry molasses, sugar, coffee, cocoa, or cotton to Europe either from these West Indies or from the United States.¹ The terms of the treaty were for the most part favourable to Great Britain, though they were perhaps not as unfavourable to the United States as was thought at the time. The amount of compensation received was considerable and the threat of war was averted. But the reception of the treaty in the United States was hostile, and the clause relating to the West Indian trade was suspended by the Senate, which only confirmed the remainder of the treaty by a bare two-thirds vote.²

If the Jay treaty removed certain of the difficulties in relation to Great Britain, it created new difficulties in relation to France. Under the French treaty, articles of foodstuffs were excluded from the list of contraband and it was also provided that enemy goods should not be liable to capture when carried in neutral ships. Moreover, the French Government had been assured by the United States minister in Paris that the treaty with Great Britain would include no terms which were inconsistent with the existing treaty with France.³ The French reaction to the Jay treaty was expressed in the laws of July 1796 and January 1798. The first declared that France would treat neutral vessels in the same manner in which they were treated by Great Britain, while the second declared that the ownership of a cargo would be

¹ On the subject of contraband, the Treaty specified a list of articles which could be so treated. In respect of the difficult cases, represented chiefly by foodstuffs, the Treaty provided that when such articles became contraband, they should not be confiscated and that compensation should be paid speedily to their owners. The payment to be made should include the full value of the goods, a reasonable profit, the freight, and the demurrage arising from their detention.

² Latané: *op. cit.*, p. 93.

³ It is probable that Monroe, the United States minister in Paris, whose sympathies with the new political order in France were pronounced, exceeded his instructions in his communications with the French Government. On the other hand, he was not properly informed of the object of Jay's mission to London.

taken to determine the nationality of the vessel in which it was carried and render both liable to confiscation. This second provision was an extreme departure from all existing practice relating to the treatment of neutral ships. It carried arbitrariness near to its limit, more especially since it was executed with vigour, and the losses which neutrals were liable to incur were substantial.¹ On the other hand, it was a practice which probably inflicted more damage upon France than it did to Great Britain, partly through its effect in destroying the coastal trade between continental neutral countries and France, and partly through the ability of Great Britain to secure some safeguard of its own interests by the introduction of the convoy system,² and it is significant that in December 1799, the French law of January 1798 was repealed.

The problem as it confronted neutral states situated in northern Europe had also become increasingly acute and seemed to warrant some attempt to clarify the position with a declaration of what they regarded as their rights. Already in 1780 the First Armed Neutrality had been embodied in treaties between Russia and Denmark and Sweden, while a number of other countries, including Prussia and Austria, the Netherlands, Portugal, and the two Sicilies had subsequently accepted membership of the League.³ These treaties were based upon the Russian assertion of certain principles, *viz.* that neutral

¹ It was already evident that neutral shipping was enjoying an increasing share of British trade. In 1792 the carrying trade of Great Britain was served by ships of 3,151,389 tons on the British register and in 1800 by 2,825,078 tons. In the same period, foreign shipping increased from 479,630 tons to 1,448,287 tons. These figures relate to ships which entered and cleared at British ports in the years mentioned. Macpherson: *Annals of Commerce*, Vol. IV, pp. 261, 535.

² The Convoy Act of 1798 compelled the taking of convoy and required payment for this protection. In the first year of its operation this tax yielded a sum of £1,292,000 to the Treasury. But insurance premiums were practically halved as a result of the convoy system. Mahan: *op. cit.*, Vol. II, pp. 205, 217. On the introduction of the convoy system, see also Macpherson, *op. cit.*, Vol. IV, p. 447. The combined value of the imports and exports of the country in 1798 was £60 million.

³ *The Armed Neutralities of 1780 and 1800*. Documents edited by James Brown Scott.

vessels should be allowed to navigate between belligerent ports, that enemy property on neutral ships should be immune from confiscation, that a blockade should not be valid unless entry to the blockaded port was obstructed by naval vessels,¹ and that these principles should govern the determination of prize awards. The principles which were thus formulated were accepted by France, Spain, and the United States, but were not accepted by Great Britain, which insisted on "the rule of 1756," by which a neutral state should not be allowed to enjoy a war-time trade when not permitted to enjoy that trade in time of peace.² The justification of this rule was bound up with the prevailing economic policy commonly adopted by nations, which endeavoured to monopolise colonial trade to the mother country, and it was apparent that a maritime power which was prevented from making use of its own merchantmen in time of war would welcome the temporary use of neutral merchantmen during that period, though there might be no intention to continue that practice after the conclusion of hostilities. The British argument, as advanced in 1756, was that neutral ships which were used to replace enemy merchantmen in war-time only acquired the character of enemy vessels and therefore could not be exempted from seizure.³ Any departure from that position would have involved the abandonment of one of the main advantages which command of the seas might confer upon this country. It would have cut at the roots of the right of blockade which was generally recognised.

The First Armed Neutrality had little success and was of short duration, partly through the independent attitude adopted by Great Britain, and partly through the abandonment of its principles by certain of its members

¹ The controversy which centred round the claim that only effective blockades should be legally binding turned on the question as to whether the seizure of a cargo at a great distance from a blockaded territory should be upheld on the simple ground that a blockade was nominally in force.

² For a discussion of the evolution of this Rule, see Pares: *Colonial Blockade and Neutral Rights*, 1739-1763, pp. 180-204.

³ Oppenheim: *International Law*, 3rd edition, Vol. II, p. 389.

when they themselves were at war. In 1800 a second Armed Neutrality was embodied in treaties between Russia and Sweden, Denmark, and Prussia. This second attempt reaffirmed the principles of the first with the additional provision that belligerents should not enjoy the right of search in neutral vessels under convoy. This second attempt to maintain full freedom for neutral states was no more successful than the first, and it lasted no more than a year. But it raised the possibility that if Great Britain refused to adhere to its provisions, open conflict with the signatory powers might be unavoidable. With this possibility in mind, John Quincy Adams, then United States minister at Berlin, advised his government to take no part in the quarrel. In a despatch from which it may be desirable to quote at length, Adams argued against participation on grounds of justice and expediency:

It would not be just, because the Government of the United States, have long since declared their opinion that by the law of Nations, independent of the stipulations of Treaties, an enemy's cargo cannot be protected by a neutral bottom; and though always desirous to establish the contrary by voluntary agreement, they have ever disavow'd all pretence of a right to force its adoption upon other powers; and by the positive engagement of a Treaty are bound to acquiesce in the practice of the rule as it originally stood. It is true that Sweden and Denmark are expressly bound by the stipulations of their Treaties with England, in the same manner, nor do I know upon what grounds those powers can reconcile their antient with their modern stipulations. But even if the question was considered as doubtful; the fundamental principle of this league seems unjust; it has itself the radical defect against which it professes to contend. It assumes a right of legislation upon the sea. It is an enactment *ex parte*, by two nations, of laws upon objects of common concern to all, with a declaration that if other nations will not submit to them peaceably they shall be forced upon them at the mouth of the cannon. It is impossible to assume the supremacy of the seas more plainly and arrogantly than this. The inconsistency of the league with the liberty which it professes to support, is striking in the very expression of the third article—The two sovereigns say, that to prevent the liberty of trade and navigation, and neutral rights from depend-

ing upon *arbitrary construction*, dictated by a partial and momentary interest, they *understand* and *will* (what else is that but arbitrary construction ?) that in time of war, all neutral ships, shall neutralise all the property on board except a specific list of contraband.—It is well known that this idea of being the legislatrix of the ocean, and giving the world a code of naval laws was the lure of flattery by which the empress Catherine was first drawn into the original armed neutrality, the nature and tendency of which she so little understood, that she thought it pointed against Spain, and much to the advantage of England.

In expressing thus unequivocally my opinion that this league is not founded upon a basis of justice, I beg not to be understood as approving the practices towards neutrals of the british navy, or all the principles avowed by the british admiralty courts. There is too much reason for the complaints of neutral powers to maintain if necessary by force their common rights against violation, as perfectly justifiable, as a desirable object. Had this new league even been such as the newspapers in Holland and Germany have represented it—had it left the litigious belligerent and neutral claims respecting the character of a ship and her cargo, to be stipulated by *Treaty*, engaging at the same time to conclude no *Treaty* for the future with any power which should refuse to recognize the predominance of the neutral right, no objection of injustice could have been made against it. I have often avowed the hope that some such concert might take place; but there appears less chance for it now than ever.

To those who think that any measure on the part of a nation can be expedient, which is at the same time unjust, it may be much more questionable what the conduct of the United States on this occasion should be. While Britain is at War with all Europe, it is probable to say the least that she will sink under the contest. To join in the number of her enemies may be considered as advisable to avoid their resentment, and to share in her spoils. By joining them we should make the common triumph more certain, and we should establish forever the most liberal principles for the benefit of neutral navigation. We should obtain satisfaction for the long complaints of our commerce, and security against the repetition of such abuses for the future. Some of these motives, perhaps no one would avow, yet if the consideration of justice is to be set aside they are the strongest that can be urged. But the triumph of the coalition, even if we should join it is very far from being certain—Should it be obtained, it would only be after a struggle in which all the powers concerned in the league who have

any considerable interest in the principles of maritime law, would have sacrificed more of blood and treasure than centuries of undisturbed enjoyment of their principles could repair. England has the advantage of standing alone, and of having her forces applied by a single interest; of contending upon her own element, and in a defensive cause. Her enemies are divided in interests—The only two formidable powers of the league, entered it for the purpose of securing objects entirely distinct from the rights of navigation—Should they succeed in obtaining their real purposes they will very soon abandon the pretexts; when once they have secured their own interests they will drop one by one from the league, and leave their feeble allies to be the victims of the contest. Should they fail, they will be still readier to forsake an unsuccessful cause—The experience of the last ten years has abundantly proved that success and defeat are alike efficacious in dissolving enormous coalitions against a single great power. Thus probable as it may be that England will be ruined by this War, the probability is much greater that the inferior maritime states leagued against her will meet the same fate. As a mere question of choice between two evils, if we must choose between the resentments of the whole coalition and a war with England, we should probably receive the greatest damage from the last—I am likewise convinced that a fix'd resolution to persevere through this new contest in that neutrality which was established as our true system of policy at the commencement of the maritime War, will carry us through all the inconveniences, embarrassments and vexations to which the coolness or even the resentment of the coalition may subject us.¹

The attempt to constitute a second Armed Neutrality was clearly directed against Great Britain. In the same year, a new treaty was signed between France and the United States which provided for the return of any ships which had been seized but which also contained the important Article XII under which

It shall be lawful for the citizens of either country to sail with their ships and merchandize (contraband goods always excepted) from any port whatever to any port of the other, and to sail and trade . . . with perfect security and liberty, from the countries, ports, and places of those who are enemies of both, or of either

¹ *Report on the Diplomatic Archives of the Department of State, 1789-1840*, pp. 38-40.

party without any opposition or disturbance . . . unless such ports or places shall be actually blockaded, besieged or invested.¹

In the following year, a Maritime Convention was negotiated between Great Britain and Russia, and accepted by Denmark and Sweden, which recognised the principle that blockades must be effective in order to be binding, and that neutral ships might navigate between belligerent ports, but which also recognised the right of naval vessels to search neutral ships under convoy. This Convention represented a compromise to which both Great Britain and Russia contributed,² and avoided for the former the danger of a more open and extensive conflict. But it was abandoned by Russia in 1807 and Great Britain thereupon reverted to her original position.

The first phase of the war period was terminated by the Peace of Amiens in 1802, but only in the form of a temporary cessation of hostilities, and in 1803 the war was resumed on a scale which involved an intensification of the economic aspects of the struggle. During this first phase, it could not be said that economic warfare was organised as a major element in the hostilities. It was an incidental part of the conflict. In the second phase, which extended from 1803 to 1814, the use of the economic weapon was more consciously organised and it became more elaborate as the conflict proceeded. Already in 1801, Napoleon had compelled Naples, the Papal States, and Portugal to close their ports to British ships, and when the war was resumed this policy of exclusion was pursued on a larger scale. The immediate object of the Napoleonic policy in the military sphere was to secure control over northern Germany as well as over Holland, since these represented positions of importance in the focussing of the possible future attack on Great Britain. The capture of Hanover enabled Napoleon to secure his terms over Prussia. Hanover was ceded to

¹ The full text is reproduced in *The Controversies over Neutral Rights between the United States and France, 1797-1800* (Edited by James Brown Scott), pp. 487-510.

² Mahan: *op. cit.*, Vol. II, pp. 57-8.

Prussia in 1806, but on condition that British trade was excluded from Prussian ports, and a law to that effect was immediately enforced. Great Britain, which had already in 1803 seized all French and Dutch vessels in British ports and imposed a blockade of French ports together with the entries to the Elbe and Weser, now determined on more vigorous action and countered the Prussian edict by placing an embargo on some 400 Prussian vessels in British ports, blockading the coast from Brest to the Elbe, and declaring war on Prussia. On the other hand, the harbours of Holland and north-west Germany were kept open to neutral shipping provided the ships concerned were not engaged in enemy trade and carried no contraband of war.¹ This did not involve any departure from the "rule of 1756" since neutral trade in the excepted regions would be a normal form of trading activity. Nevertheless, the "rule" was rigorously enforced more especially since the conditions of the war provided inducements which would lead to its evasion. Thus there was the practice whereby a neutral vessel engaged in a war-time trade between a French colony and France would seek to evade seizure by first calling at a neutral port, unloading its cargo at the appropriate rates of import duty, and then re-loading the same cargo for conveyance to France. This practice, which was freely employed by American ships, was at first permitted by the British Government. British planters and merchants, however, complained that the traffic which was thus made possible between enemy colonies in the West Indies and countries in Europe which were either neutral or belligerent, reduced the profits which could be secured from the sale of British colonial produce. Instructions were then issued to seize a number of American vessels which were concerned in the trade, and in a test case which was heard in May 1805 the doctrine of continuous voyage was applied by the prize court of Great Britain. Sir William Scott decided—in the case of the *Essex*—that the trade conducted in this way was a violation of the "rule of

¹ *Cambridge Modern History*, Vol. IX, pp. 364-5.

1756"; the two voyages were deemed to constitute a single voyage, and neutral ships which employed this device thereby became liable for seizure.¹

At this stage, the United States endeavoured to challenge the validity of the "rule" and not merely the attempt to check the evasion of the "rule." Discussions took place between Monroe and Fox in the early months of 1806. Fox was disposed to reach some agreement in fact without compromising the principle, by dropping the rights which were claimed by the British Government, thus allowing American merchants to continue in the enjoyment of this trade with the enemy. In reply to this offer, Monroe insisted on the payment of compensation for the past injuries which had been suffered, and that was a demand which could not be met without involving a complete abandonment of the principle which was at stake.²

The Continental System was inaugurated by Napoleon's Berlin Decree of November, 1806, six months after the imposition of the British blockade.³ In the Berlin Decree it was asserted that Great Britain had extended the war to peaceful shipping, proclaimed a blockade of places the entry to which she was unable to obstruct, adopted measures which were intended to promote her own trade at the expense of other countries,

¹ Oppenheim: *op. cit.*, p. 567; see also Pares: *op. cit.*, pp. 204-24. Also Mootham: "The Doctrine of Continuous Voyage, 1756-1815," in the *British Year Book of International Law*, 1927, pp. 62-80.

² Latané: *op. cit.*, p. 125.

³ Meanwhile negotiations were taking place between the United States and Great Britain on the subject of the colonial trade. In April, 1806, Congress decided to exclude certain British manufactures from American ports unless a satisfactory settlement of the dispute should be reached by November. Negotiations with the British Government were immediately started to deal with this issue and also with the vexed question of impressment; see below, p. 27. In September, the non-importation act was withdrawn pending the continuance of the negotiations, and in December a treaty was signed which, *inter alia*, permitted for the duration of the war the conveyance in United States ships of the produce of French colonies to Europe provided they had first been discharged at a port in the United States and there paid the regular import duties, and provided also that on re-exportation the drawback should be such that the goods would be subject to a minimum duty of 2 per cent. ad valorem. The treaty, however, was not submitted to the Senate. See Latané: *op. cit.*, p. 131.

and that therefore counter-measures were justified. Thus the Decree had the initial appearance of an act of reprisal. The counter-measures were to consist of the enforcement against Great Britain of "the usages which she has consecrated in her maritime code." The charge that the British blockade was in fact a paper blockade was countered by the imposition of an even more obvious paper blockade of Great Britain, the French fleet having been rendered completely ineffective at Trafalgar in 1805. The regulations which followed imposed a formal blockade of the British Isles and prohibited all traffic with them, provided for the arrest of British subjects in French-controlled territories as well as for the seizure of British goods, and refused admission to any continental port of any vessel which came directly from a port in Great Britain or in one of her colonies.

The inability of the French navy to give effect to this blockade of Great Britain at sea provided the reason why the blockade was only enforceable on land. The British reply, though also retaliatory in appearance, was designed to break the French land-enforced blockade by preserving contact with the continent of Europe as far as might be possible. The first of a new series of Orders in Council was issued in January 1807, and provided

that no vessel shall be permitted to trade from one port to another, both which ports shall belong to or be in the possession of France or her allies, or shall be so far under their control as that British vessels must not freely trade thereat; and the commanders of His Majesty's ships of war and privateers shall be, and are hereby, instructed to warn every neutral vessel coming from any such port, and destined to another such port, to discontinue her voyage, and not to proceed to any such port; and any vessel, after being so warned, or any vessel coming from any such port, after a reasonable time shall have been afforded for receiving information of this His Majesty's order, which shall be found proceeding to another such port, shall be captured and brought in, and together with her cargo shall be condemned as lawful prize.

This was in effect a prohibition of coastal trade as regards French-controlled territories; it did not constitute a

retaliation in terms similar to those of the Berlin Decree, and for that reason it was criticised in Britain as an inadequate reprisal. But the Order was restricted in its scope partly out of regard to neutral interests¹ and partly in the hope that these neutral states would be induced to exert pressure on France to remove or relax the restrictions which that country had imposed. A further Order in Council in February 1807 directed the commanders of naval vessels and privateers

that they do not interrupt neutral vessels laden with cargoes consisting of the articles thereafter enumerated, coming for importation to any port of the United Kingdom (provided they are not coming from any port in a state of strict and rigorous blockade).

Later in the same month, another Order exempted vessels and goods belonging to the inhabitants of Hamburg, Bremen, and other parts of northern Germany from molestation by naval vessels and privateers, notwithstanding that the places mentioned might be under French control.

The expectation that neutral pressure would be successfully exerted over the French Government was not fulfilled. By the Warsaw Decree of January 1807, Napoleon ordered the confiscation of all British and colonial products in Hanseatic towns. In November of the same year, three new Orders in Council were issued to intensify the British retaliation. The first of these declared that the Order which had been issued in January had not achieved the object

either of compelling the enemy to recall those orders, or of inducing neutral nations to interpose, with effect, to obtain their revocation, but, on the contrary, the same have been recently enforced with increased rigor.

It then proceeded to impose a formal blockade on all enemy-controlled ports, with certain exceptions, and

¹ The Order nevertheless had an adverse effect on a considerable amount of neutral trade, especially that of the United States. Mahan: *op. cit.*, Vol. II, p. 276.

declared that vessels and their cargoes trading to or from such places would be liable to capture. Certain conditional relaxations of the blockade were permitted. Thus

nothing herein contained shall extend to subject to capture or condemnation any vessel, or the cargo of any vessel, belonging to any country not declared by this Order to be subjected to the restrictions incident to a state of blockade, which shall have cleared out with such cargo from some port or place of the country to which she belongs, either in Europe or America, or from some free port or place in the colonies of His Majesty's enemies, or from those colonies direct to the country to which such vessels belong, or to some free port in His Majesty's colonies, and with such articles, as it may be lawful to import into such free port; nor to any vessel, or the cargo of any vessel, belonging to any country not at war with His Majesty, which shall have cleared out from some port or place in this Kingdom, or from Gibraltar or Malta, under such regulations as His Majesty may think fit to prescribe, or from any port belonging to His Majesty's allies, and shall be proceeding direct to the port specified in her clearance; nor to any vessel, or the cargo of any vessel belonging to any country not at war with His Majesty, which shall be coming from any port or place in Europe which is declared by this Order to be subject to the restrictions incident to a state of blockade, destined to some port or place in Europe belonging to His Majesty, and which shall be on her voyage direct thereto.

The second Order, issued on the same day, sanctioned the importation of certain specified goods from enemy countries provided they were conveyed in ships of countries not at war with Great Britain, and even permitted certain forms of trade with enemy ports provided the vessels engaged in that trade made a prior call at a British port and paid whatever duties the British Government might impose. This last provision in effect imposed a levy on the trade affected. These various measures, while they appeared to impose drastic restrictions on the rights of neutrals, were intended to moderate the hardships which the full exercise of belligerent rights would inflict upon neutral trade. They were not intended to destroy neutral trade, if only for the reason

that the interest of Great Britain lay in the penetration of the continental blockade ; on the other hand, in accordance with the "rule of 1756" they were designed to prevent neutral traders from enjoying an advantage in time of war which they did not enjoy in time of peace.

Napoleon's retaliation to these Orders was contained in the two Milan Decrees of November and December 1807, which extended the scope of his previous blockade to all British dominions, and proclaimed as liable to capture the ships of any flag sailing for British or British-controlled destinations. There was also a further provision whereby any ship which submitted to British search, or which voyaged to Britain, or which paid any tax imposed by the British Government would be treated as having lost the protection of its flag and to have become British property. For neutral countries which were so situated that they could ignore the land supremacy of France in Europe, the British Orders in Council were on balance less restrictive than the French Decrees ; but for countries in Europe the French menace might be so great that it offset the opportunities for continued trade which the British Orders in Council permitted, and several countries adapted their domestic legislation to the requirements of the French Government.¹ Subsequent Orders, moreover, attempted to modify still further the existing restrictions in favour of neutral traders, with the combined object of weakening the strength of the blockade of the British coast, and increasing the sense of grievance which neutral states might feel against the French policy. Nevertheless, as will be apparent in a later part of this discussion, the blockade imposed by France, though far from complete, was sufficiently severe to be a source of inconvenience to Great Britain. To an even greater extent it was a source of embarrassment to certain parts of the continent, and it gave to the war the character of a struggle for commercial domination. In the circumstances of the contest,

¹ Heckscher: *op. cit.*, p. 125.

economic warfare appeared to be the appropriate method of deciding the issue.¹

At the outset, the two blockades had the appearance of substantial consistency, the success of which would depend upon the abilities of the respective countries to enforce the legal codes which they had adopted. But administrative power was far from complete; nor was it a constant element in the problem. Moreover, by neither country was it desired that its own blockade of the other should be completely effective, and as the struggle developed an increasing variety of breaches in the existing restrictions was both tolerated and encouraged. Thus the apparent consistency of the initial measures tended to disappear and in its place there arose a conflicting mass of regulations, lacking in co-ordination, and governed for the most part by considerations of immediate expediency. On the other hand, the general progress of the war, with its periodic shifts of emphasis and its varying strains on the economic resources of the two countries, altered the character of the problem with which official policy had to deal. Thus the year 1808 was a turning-point both as regards the military and the economic aspects of the struggle. As regards the former, the insurrection in Spain, re-inforced by the later despatch of British military assistance to the insurgents, not merely weakened the strength of the French forces in the more western districts of Europe, but also removed from French control an important base of attack on British shipping, and that in turn was followed by the capture of numerous French colonies and the virtual destruction of the French colonial empire.² The effects on the conduct of economic affairs were immediate. In April 1809, a new Order in Council restricted the earlier blockade measures to France, Holland, and Italy. The new markets which were made available in central and

¹ "England had no army wherewith to meet Napoleon; Napoleon had no navy to cope with that of his enemy. As in the case of an impregnable fortress, the only alternative was to reduce the other by starvation." Mahan. *op. cit.*, Vol. II, p. 289.

² Heckscher. *op. cit.*, p. 150.

southern America provided important outlets for British exports and encouraged a wave of speculative activity the collapse of which precipitated a severe slump in British trade. In another direction there had been an earlier development. The capture in 1807 of the Danish island of Heligoland made possible a number of new trade connections with northern Europe and the island was rapidly developed as an emporium for British exports. Thus between 1808 and 1809, British domestic exports to northern Europe increased from £2.2 million to £5.7 million and exports of colonial produce rose from £3.3 million to £8.9 million.¹ In these instances, the breaches which were made in the continental blockade were the result of prior military and naval successes.

There was also the smuggling trade, which was conducted not as a sporadic form of enterprise but as a regular type of business activity. In many cases, this trade was developed under the eyes of customs officials whose duty it was to prevent its appearance. Bremen was a "smuggling metropolis" and it was said that the smuggling trade alone saved Dunkirk from extinction. The respectability of the trade was assured not merely by its frequent association with persons of quality but also by the practice of insuring its participants against the risks to which they were exposed. In 1809, writes Heckscher, "it was considered that the expenses of passing the frontier of France were, as a rule, 30 per cent., while the new customs line between Rees and Bremen could be broken through for 6 or 8 per cent.; and at about the same rate it was possible to smuggle any commodity whatever from Holstein into Hamburg."²

Another recognised method of breaching the barriers was the system of licenses by which neutral ships might obtain exemption from the restrictions to which they would otherwise have been exposed. The licenses issued by the British authorities contained the following clause:

The vessel shall be allowed to proceed, notwithstanding all the documents which accompany the ship and cargo may represent

¹ Heckscher: *op. cit.*, p. 181.

² *Ibid.*, p. 194.

the same to be destined to any neutral or hostile port, or to whomsoever such property may appear to belong.

The number of British licenses granted for this purpose increased from 2,606 in 1807 to 18,000 in 1810¹; the number granted by the French authorities is not known; but it not infrequently happened that ships would carry two sets of papers to be available as occasion demanded. The system also led to the corrupt trafficking in permits to trade, and while it may have facilitated the administration of the various Orders in Council, it did so in a way which conferred some competitive advantage on neutral ships at the expense of British ships. Protests were sent to Parliament from many east coast ports urging the abolition of the system on account of its injurious effects on British shipping.

But even these devices did not exhaust the facilities for breaching the war-time obstacles to trade. Blockade measures are likely to have repercussions on the public revenues of belligerents and neutrals alike, though the result may be of greater significance for the former than for the latter. Thus the customs receipts of France declined from 60.0 million francs in 1807 to 11.6 million francs in 1809.² But revenue from this source depends not merely upon the rates of duty in force; it depends also upon the flow of dutiable articles. Hence if there is no other overriding consideration which works in the opposite direction there is likely to be an added inducement for the blockading country to permit breaches in its own code of restrictions. In 1809 and 1810, Napoleon granted licences for the export of goods from France, Italy, and Prussia in the ships of these countries. In January 1810 the importation into France of banned goods (except for certain kinds of cotton goods and hosiery) was permitted on payment of a 40 per cent. import duty when they came from enemy prizes.³ And in August of the same year, after complaining that all certificates of origin were forgeries, Napoleon decided to tax all colonial

¹ *Cambridge Modern History*, Vol. IX, p. 375.

² Heckscher: *op cit.*, p. 197.

³ *Ibid.*, p. 221.

countries. That development had been most marked during the last decade of the eighteenth century. In 1790, the shipping which entered United States ports amounted to 606,000 tons and of that total 355,000 tons were American. In 1801, the corresponding figures were 937,000 and 799,000 tons. Thus the amount of foreign shipping so engaged had declined from 251,000 to 138,000 tons. In addition, it was estimated that the United States contribution of shipping for world trade amounted to some 600,000 tons.¹ Between 1790 and 1800 the tonnage of British ships which cleared outwards from Great Britain to the United States declined from 50,977 to 14,372, while the tonnage of foreign ships which also cleared outwards from Great Britain to the United States increased from 39,461 to 112,596.² From 1807 the position changed. The combined effect of the economic warfare in Europe and the policy adopted by the United States Government brought about a severe contraction in the foreign trade of the latter country. Between 1807 and 1812 the United States exports of domestic produce fell from \$49 million to \$30 million while exports of foreign produce fell in even greater proportion from \$60 million to under \$3 million.³ The country's total imports fell in the same period from \$139 million to \$77 million.

The grievances of the United States had come by this time to be directed more particularly against Great Britain for a number of reasons. There was the question of neutral rights and the manner in which the right of search was exercised by British naval vessels; there was the impressment of American seamen for service with the British fleet; and there were disputes in relation to the Canadian frontier and the treatment of Indian tribes. As regards the practice of impressment and the apparent violation of neutral rights, it has been customary to regard

¹ Mahan: *op. cit.*, Vol. II, p. 232. By 1807 the amount of American shipping entering the ports of the United States reached its maximum at 1,089,876 tons. Macgregor: *Commercial Statistics*, Vol. III, p. 745.

² Macpherson: *Annals of Commerce*, Vol. IV, pp. 214, 535.

³ Heckscher: *op. cit.*, p. 146.

these as the main causes of the general estrangement which culminated in the war of 1812. The position in the matter of impressment had for long been a source of friction, and since 1791 the Government of the United States had endeavoured to effect a settlement, though without success. The grievance itself was clear. Thus when a British naval vessel conducted a search for contraband on a neutral ship, it was commonly the practice for the commander of the search party to press into service any seamen on the neutral ship who might be of British nationality. By modern standards it was an irregular practice which had much to condemn it, but it was a practice which was established by usage. Its irregular character, however, had now become more pronounced. American crews frequently included British seamen who were either deserters from British ships or men who had been attracted to American ships by higher rates of pay, and some of these might be naturalised American subjects. But despite that possibility, all British seamen were held, by current British doctrine, to be subject to British allegiance. Sometimes there was the difficulty of distinguishing between British and American seamen and the leaders of search parties did not generally draw fine distinctions. Prior to September 1801, out of 2,049 applications for release passed through the hands of American representatives in Great Britain, no fewer than 1,142 were discharged as not being British subjects, while in the case of 805 further proof was required before a decision could be taken.¹ On the other hand, the British reluctance to find a basis of accommodation was heightened by the knowledge that certificates of protection issued by the American authorities could be bought and sold. The United States Government did not dispute the right of search for the purpose of enforcing a blockade or even for the purpose of capturing enemy subjects on

¹ Latané *op. cit.*, p. 125. In 1792 Jefferson had expressed American policy in the formula: "The simplest rule will be that the vessel being American shall be evidence that the seamen on board her are such." But later this attitude was modified by the provision of certificates of protection, even though that did not provide a solution of the problem.

neutral ships, but it refused to admit the right of search for purposes of impressment, and it added the complaint that the practice of impressment sometimes so depleted the crews of American ships that it was with difficulty that the ships affected could return to port.

The fact that Napoleon's policy was also directed against neutral trade was obscured for American opinion by a number of incidents which involved conflicts with the British navy. In June 1807, a British warship, the *Leopard*, fired on an American frigate, the *Chesapeake*, to enforce a search for deserters. With the growing tension which had developed there were three possible lines of action which presented themselves to American policy: to submit to the apparent humiliation to which American ships were exposed; to abandon her lucrative carrying trade; or to fight for what she regarded as her neutral rights. In 1807, a short-lived attempt was made to pursue the second of these lines of policy and the ports of the United States were closed to foreign trade, but the embargo inflicted most damage upon the country itself and in 1809 it was replaced by a Non-Intercourse Act which limited the embargo to the belligerent countries, Great Britain and France. Under this Act a certain recovery took place in the trade between the United States and the countries of northern Europe, while trade with Great Britain was effected via Canada, from whence cargoes were conveyed in British ships. Thus the purpose of the Act was not completely fulfilled. Nevertheless, it represented a form of pressure on the belligerents and on Great Britain in particular where there was an immediate, if unsuccessful, response.

The British minister at Washington, D. M. Erskine, acting on instructions from Canning, proposed a basis of agreement between the two countries on terms which provided for the withdrawal of the Orders in Council as they affected American ships and the withdrawal of the Non-Intercourse Act as it affected trade with Great Britain. As it happened, this did not fulfil the instructions which Erskine had received. His original instruc-

tions had included the acceptance by the United States of the "rule of 1756" and the enforcement of the Non-Intercourse Act against France with the aid of the British navy. The point as to the "rule of 1756," however, had been dropped in the course of the negotiations, but the point as to the use of the British navy for the enforcement of the Non-Intercourse Act against France was not mentioned. Perhaps the British plenipotentiary recognised that insistence on such an irregular suggestion would have destroyed all possibility of agreement and that the best solution which was possible was better than no solution at all. The actual agreement was signed in April 1809, and two months later a proclamation was issued in the United States to the effect that the Non-Intercourse Act would be withdrawn in its application to Great Britain as soon as the British Orders in Council were withdrawn in their application to the United States. Unhappily, the project failed. The British Government repudiated the Erskine agreement and the operation of the Non-Intercourse Act was continued, in circumstances which did further damage to the relations of the two countries.

American policy now tended in the direction of a more active defence of her neutral rights. In 1810, Congress approved a measure which opened up trade with all countries, but which added a provision which empowered the President to stop trade with France or Great Britain if either of these countries should refuse to modify its decrees as they affected American ships. To this move Napoleon, in August 1810, appeared to make an immediate response by declaring that the Decrees of Berlin and Milan would cease to operate in November provided Great Britain withdrew her Orders in Council or provided the United States compelled Great Britain to respect American rights. Despite the fact that, under the Decrees of Vienna in August 1809 and Rambouillet in March 1810, Napoleon had seized some 100 American ships in French ports with cargoes valued at \$10 million in retaliation for the terms of the ill-fated Erskine agree-

ment, this response on the part of France appeared to shift the responsibility for the continuance of the attack on American shipping to the British Government, and it did so at a time when relations between the two countries were particularly strained.

For some time the cross-play of negotiations proceeded in an atmosphere which was increasingly insusceptible to mutual accommodation. The British Government had indicated that so long as the French Decrees remained operative no modification of the Orders in Council would be considered. On the other hand, in the United States there appeared to be some doubt as to whether or not the French Decrees were still operative. The existence of these doubts was mentioned in a note which Joel Barlow, the United States minister at Paris, addressed to the Duke of Bassano on May 1, 1812, with the object of obtaining a precise pronouncement. In that note, the French Government was requested to state expressly that the Decrees of Berlin and Milan had ceased to apply to the United States since November 1810 on the grounds that (a) "it would greatly embarrass the British Government in its measures of injustice; and since the Regent has decided not to repeal the orders in Council, which is now demonstrated, it would force his Ministers to take a less popular pretext for going to war with America; it would bring the manufacturing towns upon them with such loud Complaints as might induce other changes which cannot easily be calculated;" (b) an act of renunciation by the French on this point could be demanded as an American right because the American Government was contemplating war with Great Britain; and (c) Napoleon owed it "to his own Dignity, and the reputation of his Government, to remove all doubt and silence every tongue, as to the revocation of these Decrees."¹ In the same month, Barlow was informed by the Duke of Bassano that by the Decree of St. Cloud, signed in April

¹ Note from Joel Barlow to the Duke of Bassano, 1st May, 1812. Reprinted in *Report of the Diplomatic Archives of the Department of State, 1789-1840*, pp. 64-7.

1811, but of which the existence had not been disclosed, the previous Decrees had ceased to apply to American trade since November 1811. This was an unusual procedure which can only be explained by the curious character of the tactics employed. The announcement that the French Decrees had been inoperative since November 1811¹ was therefore a response to an American suggestion that such a step would be an embarrassment to Great Britain at a time when war between that country and the United States appeared to be unavoidable. Barlow's action implied more than a regard for America's neutral rights; it reflected also an eagerness to create a new embarrassment for a prospective enemy.

As it happened, a change of government in Great Britain had occurred, and on June 23, 1812, it was announced that the Orders in Council so far as they applied to American commerce would cease to operate. This decision, which was generally approved in the House of Commons, was inspired largely by the need to resume commercial relations with the United States so that lost markets in that country might be recovered for the benefit of the depressed areas in Great Britain, and so that cargoes of grain from the United States would once more be available. But the decision came too late. Four days earlier, the United States had declared war on Great Britain.

It has commonly been held that the war which followed was caused by the decision of the United States to defend her neutral rights by force. Such a view now appears to be incomplete. Those states in the Union which were most concerned with foreign trade and shipping had voted against the war. "To the seaboard and commercial communities wartime neutral commerce under British arbitrary control, even with the standing insult of impressment, was preferable to war. But neutral rights and impressment for which President Madison and his Secre-

¹ The difference in the date will be noticed. Barlow had mentioned November 1810, which was the date on which Napoleon had undertaken to revoke his Decrees provided the Orders in Council were also revoked.

tary of State, James Monroe, had at length proposed war against Great Britain served as righteous pretexts to those members of Congress who wanted war for other reasons."¹ There was the friction over the alleged British intrigues with the Indian tribes and several incidents had occurred which had brought the problem of the Indians to a head. To some enthusiasts, there was the added prospect of a conquest of Canada, while in the south-west there was the hope that hostilities would enable Florida to be captured from Spain which was Britain's ally. Opinions may differ as to whether war would have been averted if the British decision of June 23 had been taken earlier. If the war was declared in defence of neutral rights, an earlier decision by the British Government would doubtless have averted hostilities; if, on the other hand, the defence of neutral rights was merely a pretext for a war which had other and more important causes, and if advantage was to be taken of Great Britain's obvious difficulties in other directions, it is uncertain whether the removal of the pretext would have avoided the clash.²

Outside efforts to prevent the conflict were made without success. Thus Russia, which had signed a peace treaty with Great Britain at Orebro in July 1812, at once made an offer of mediation, but at this time Russia was herself exposed to a declaration of war by Napoleon and by September a French army was at the gates of Moscow. John Quincy Adams, who was then at St. Petersburg, thought that the Russian offer would not be rejected by the United States, and in March 1813 the offer was in fact accepted. But the British Government refused, probably on account of the attitude which Russia had adopted in 1780 and again in 1800 on the subject of neutral rights. If there were principles of neutrality at

¹ Bemis: *Diplomatic History of the United States*, p. 156.

² Bemis—*op. cit.*, pp. 157-8—takes the view that "it is quite likely that had the impending repeal of the orders in council been known in Washington the declaration of war would not have carried the Senate." But this view is not obviously consistent with the view that the defence of neutral rights was mainly a pretext.

stake, the Russian view had hitherto been too close to the American to make intervention from that quarter a matter to which the British Government could give favourable consideration.

The struggle which followed was the sequel to bad diplomacy, but it occurred at an unfortunate moment when the war with France appeared to be moving in favour of Napoleon and when British trade and industry were in the throes of acute depression. Fortunately for Great Britain, the tide of Napoleon's successes turned with his retreat from Moscow, and the strength of the Continental System in northern Europe diminished. Nevertheless, the war with the United States imposed on British resources an additional strain which should not and need not have occurred. The hostilities with the United States were in themselves an unfortunate and uninspiring record. The first American attack was made on Canada, but without success. At sea the position was different and several small-scale actions demonstrated the superiority of the American naval forces over the British craft with which they were engaged. On trading vessels, the war was even more damaging. In seven months, no fewer than 500 British merchantmen were captured. On the other hand, the United States suffered in other directions. Her foreign trade was virtually destroyed. Between 1812 and 1814, total exports fell from \$39 million to under \$7 million and total imports from \$77 million to under \$14 million.¹ In 1814, only 59,626 tons of American shipping entered the ports of the United States.² Apart from long-distance trade, her coastal trade, which in the pre-railway era was more generally important than it became later in the century, was exposed to complete dislocation. The prices of provisions and of iron rose to high levels, but low prices prevailed for such staple commodities as wheat, flour, tobacco, and cotton, the main markets for which were suspended during the

¹ Comparison may be made with the figure of \$108 million for total exports in 1807.

² Macgregor: *Commercial Statistics*, Vol. III, p. 745.

period of hostilities. In the later phases of the struggle, the arrival of naval reinforcements enabled the British forces to reverse their former defeats in American waters, but the American attack was continued in embarrassing proximity to the British Isles. Thus while the British navy endeavoured to blockade the American coast, a similar blockade by American ships was virtually in operation against Great Britain and of so effective a character that the convoy system had to be introduced in the interests of safety.

In November 1813, Castlereagh, after rejecting the offer of Russian mediation, proposed that direct negotiations should be opened with a view to reaching a solution of the outstanding issues. These negotiations began at Ghent in August 1814 and were completed in December, after which hostilities ceased. The Treaty of Ghent, however, made no reference to what have commonly been regarded as the major issues of the war. Mixed commissions were set up to settle certain matters of frontier demarcation, prisoners of war were to be restored, negro slaves which had been taken from their masters by the British forces were to be restored or compensation provided, and both parties undertook to use their best efforts to promote the abolition of the traffic in slaves.¹ But there was no mention of neutral rights and not a syllable on the subject of impressment. In these respects, the war appeared to have been fruitless—if, indeed, they were the real causes of the conflict. But there were other compensations which became more apparent in later years. British policy had seen in the struggle a threat to Canada, and though John Quincy Adams might assure Goulburn that the conquest of Canada had not been an object of the war,² British fears were firmly grounded. Yet three years after the Treaty of Ghent was signed a further agreement was reached for the withdrawal of naval forces from the Great Lakes, and

¹ Hertzslet: *Commercial Treaties*, Vol. II, pp. 378–86.

² Despatch of John Quincy Adams to James Monroe. *Report on the Diplomatic Archives of the Department of State, 1789–1840*, p. 44.

complete demilitarisation was subsequently established. On the American side, the Indian question was settled in so far as the danger of a British alliance with the American Indians was removed. And the war gave strength to the sense of American nationality which became more apparent in the later years of the century.¹

It is now possible to make some assessment of the more important effects of the measures adopted in the course of this protracted period of economic warfare. It has already been indicated that the policy of Great Britain in all questions which affected the rights of neutrals was governed by the necessity to maintain her naval supremacy against powerful continental combinations and as a means of defence. The need for naval supremacy as a means of defence was required not merely as a protection against any possible threat of invasion; it was also dictated by the requirements of a country which had become highly industrialised and for which the maintenance of overseas trade was imperative. The blockade of the British coast was for the most part enforced on land. By contrast, the British blockade measures against an enemy were enforceable only by naval action, as were also the equally important attempts to pierce the blockade imposed by the enemy. In the maintenance of sea-borne traffic, then, as later, Great Britain had most at stake, and for that reason the possibility that mercantile losses at sea would be large was unavoidable. It is indeed something of a paradox that a maritime country with extensive trade connections in other parts of the world and which also enjoys supremacy at sea is exposed to heavy losses in its mercantile marine when its naval supremacy is put to the test; whereas a state whose shipping has for the most part been driven from the seas may sustain losses which are small in comparison. Prior to Trafalgar, the possibility of French raids on British shipping was great. French channel ports gave powerful shelter to groups of privateers and the British blockade was unable to prevent the escape of numbers of regular naval vessels, while every

¹ Bemis: *op. cit.*, p. 171.

island in the French West Indies provided a base for enemy action. Later, the war with the United States made possible a new source of attack.

The extent of British shipping losses during the period has been variously estimated. Norman¹ gives a total of 10,871 vessels for the entire period 1793-1814. Mahan, after a detailed enquiry which is based largely on Norman's data, suggests a round figure of 11,000.² Norman's figures were subdivided into 5,557 for the period 1793-1802 and 5,314 for the period 1802-14. The data compiled by Bennett, the first Secretary of Lloyd's, give a total of 3,919 for the period 1793-1801; of that number, 799 were recaptured so that the net loss appears as 3,120 with an annual average of 347.³ This last estimate would represent 2 per cent. of the average number of ships on the register over the period, though the effective rate would be somewhat higher since the register included small coasting vessels which were less exposed to the risk of attack. This estimated loss by capture may be compared with the estimated loss by marine risks over the period 1793-1802 of 3,709.

An alternative line of approach seems possible. In September 1792 the tonnage of British and colonial ships on the register was 1,540,145. Between 1793 and 1800, the tonnage of new ships built amounted to 708,132 and the increase in prizes was 275,569. These three items give a combined total of 2,523,846 tons. The tonnage on the register in September 1800, on the other hand, was 1,855,879, so that losses and deductions may be placed at 667,967 tons. This last figure would represent 43 per cent. of the registered tonnage in 1792 and the

¹ Norman: *The Corsairs of France*, Appendix XXII.

² Mahan. *op. cit.*, Vol. II, p. 222.

³ Wright and Fayle: *A History of Lloyds*, pp. 183-4. These authors suggest that Norman's data "did not clearly distinguish between British ships and neutrals with British cargoes, and this is the more probable because the discrepancy is greatest for the year 1797, when a large number of American vessels were condemned by the French and Spanish Courts, on the plea that they were navigated without the *rôle d'équipage* required by Treaty."

rate of loss would be about 5 per cent. per annum. A similar calculation may be made for the period 1803-14. Shipping on the register in 1803 amounted to 2,167,863 tons.¹ Between 1803 and 1814 new ships built amounted to 1,089,067 tons and the increase in prizes remaining on the register was 205,674 tons. These three items make a combined total of 3,462,604 tons. In 1814, on the other hand, the tonnage on the register was 2,616,965, so that losses and deductions would be 845,639 tons or 40 per cent. of the registered tonnage in 1803.² The rate of loss for this period might be put at between 3 and 4 per cent. per annum. For the two periods the loss of tonnage thus computed would appear to have been at least 1,513,606, which is approximately equal to the total tonnage on the register in September 1792. During the two periods, new construction amounted to 1,797,199, which was greater than the total of war-time shipping losses sustained. The fact that Great Britain emerged from the war period with a larger mercantile marine than she possessed at the beginning of the period points to the importance of the contribution made by the shipbuilding industry to the national emergency.

Next to the maintenance of the mercantile marine there was the possible interruption of essential supplies from overseas. Apart from timber, which was obtained mainly from the countries of northern Europe and which in the absence of plentiful supplies at home was an essential raw material for the shipbuilding industry, the leading items of the import trade consisted of sugar, coffee, corn, linen, cotton and provisions. Of these, the importation of wheat and cotton had particular significance, the first as a means of maintaining the food supply especially when

¹ Marshall: *Digest of all the Accounts*, 1833, Part II, p. 226.

² Scott: *Economic Problems of Peace after War*, First Series, p. 119. It may be added that during the period 1803-14 the number of British ships captured was 5,315 as compared with 440 French ships captured by the British. The above estimates understate the actual losses. They do not take account of prize ships lost or recaptured, and do not include transferences of ships to or from other flags.

home crops were deficient, and the second for the purpose of supporting a leading and expanding industry. The import of wheat and wheat-flour was normally a variable, depending partly upon the state of the harvests at home and partly upon the operation of the corn-laws, but it was also considerable in amount. The position during the period of 1800-14 may be indicated as follows: ¹

WHEAT IMPORTS (in Quarters)

	Total.	From France.	From Prussia.	From U.S.A.	From Germany.	Exports.	Average Price of Wheat.
							s. d.
1800	1,265,000	224	666,000	78,000	311,000	22,000	—
1801	1,425,000	0	528,000	245,000	290,000	28,000	119 9
1802	648,000	1,510	335,000	79,000	31,000	149,000	69 10
1803	374,000	0	143,000	109,000	1,000	77,000	58 10
1804	461,000	0	221,000	4,000	5,000	63,000	62 3
1805	921,000	2,089	560,000	13,000	33,000	78,000	89 9
1806	310,000	1,786	52,000	80,000	0	30,000	79 1
1807	405,000	27,656	11,000	250,000	3,000	25,000	75 4
1808	85,000	2,870	0	13,000	2,000	98,000	81 4
1809	456,000	25,058	2,000	171,000	34,000	31,000	97 4
1810	1,567,000	225,710	297,000	98,000	176,000	76,000	106 5
1811	336,000	4,186	95,000	18,000	2,000	98,000	95 3
1812	291,000	436	9,000	11,000	600	46,000	126 6
1813	559,000	0	116,000	810	79,000	0	109 9
1814	853,000	126,309	133,000	1	77,000	111,000	74 4.
Total	9,954,000	417,838	3,267,000	1,170,000	1,046,000	932,000	

The significance of this importation depended, of course, upon the amount of the normal wheat consumption in Great Britain in the period under review and that consumption has been estimated at between 1,990,000

¹ Figures of wheat imports taken from Galpin: *The Grain Supply of England during the Napoleonic Period*, Appendix 8.

Figures of exports taken from Barnes: *History of English Corn Laws*, p. 300.

Figures of wheat prices are those of the Board of Trade cited in Smart: *Economic Annals*, Vol. I.

and 2,660,000 tons. On the basis of the larger of these estimates, the average import would represent 5 per cent. of that consumption, and in years when the import excess reached a maximum the proportion would be 12 per cent. On the basis of the lower figure, the corresponding proportions would be $6\frac{1}{2}$ and 16 per cent. respectively.¹ But the position in particular years might be much more serious than these proportions would suggest. Thus if home crops were deficient at a time when the blockade measures adopted against this country successfully impeded importation, acute shortage might result. During the early years of the Continental System the state of the home harvests was moderately good, but during the period 1809-12 poor crops were obtained. The cessation of foreign supplies during that latter period would have created serious shortage. As it happened, however, foreign supplies were not suspended but increased to a record figure in 1810. In that year, wheat and flour imports amounted to 1,567,000 quarters and imports of other grain and meal to 600,000 quarters, while more than one-third of the wheat and nearly one-half of the flour came from France and Holland.² This result was not what might have been expected from an organised attempt to starve Great Britain into submission. But Napoleon's policy at this time was to permit exports so long as he was assured of an adequate supply for the maintenance of the population at home. Thus he referred to his object of favouring the export of French foodstuffs and the import of bullion, and he informed the French ambassador at St. Petersburg that he "granted licenses for the exportation of wine and corn as beneficial to his territories without enquiring too closely as to how the English afterwards treated the vessels provided with licenses."³ A further consideration, which has already been mentioned, was his need for current revenue, and there was the possibility of supplying part of that defi-

¹ Heckscher: *op. cit.*, pp. 337-8.

² Smart: *Economic Annals*, Vol. I, p. 225.

³ Heckscher: *op. cit.*, p. 343.

ency by the imposition of heavy export duties. In some cases the fear was expressed that these duties would smother the export trade from continental countries, more especially when coupled with the existing rates for freight, insurance and licences, which were said to amount to between 30s. and 50s. per quarter in 1810.¹ The position in 1812 was the result of other factors. The preceding harvest had been a complete failure not merely in Great Britain but also on the continent and relief by way of increased importation was not available.² Between January and August 1812 the price of wheat in England rose from 105s. 11d. to 155s., and the price of the quartern loaf, which had been 1s. in 1806, now reached 1s. 8d. Scarcity was widespread and bread riots occurred in several towns. But the shortage on this occasion was not the result of the Continental System. If, on the other hand, the French measures had been systematically directed throughout the entire period to the prevention of wheat supplies from reaching the British market, the position in Great Britain might have been rendered much more precarious.

In the case of cotton, the position on general grounds appeared to be less unfavourable as regards the import of the raw material though difficult as regards the markets in Europe. As against that, the war with the United States would be an added difficulty in so far as supplies of raw cotton from that country would be suspended. American supplies, however, were not completely suspended while supplies from other sources showed a definite increase. During the four years 1803-6, imports of raw cotton averaged 58.4 million lb.; in the period 1807-12 they averaged 83.1 million lb., an increase of 42 per cent.; and in the three years 1813-15 they averaged 70.1 million lb., despite the war with the United States.

¹ Tooke: *History of Prices*, Vol. I, p. 295.

² *Ibid*, p. 335. "The export of wheat from France in 1809 and 1810 was 637,273 quarters; while the imports, in 1811 and 1812, and the early part of 1813, amounted to 1,337,249 quarters."

	Raw Cotton Imports (in lb. million).			Cotton Exports (in £ million).
	Total.	From U.S.A	Other Sources.	
1805 . . .	59.7	32.6	27.1	9.5
1806 . . .	58.2	24.3	33.9	10.5
1807 . . .	74.9	53.2	21.7	10.3
1808 . . .	43.6	8.0	35.6	13.0
1809 . . .	92.8	13.4	79.4	19.4
1810 . . .	132.5	36.2	96.3	19.0
1811 . . .	91.6	38.1	53.5	12.0
1812 . . .	63.0	23.5	39.5	16.5
1813 . . .	51.0	9.3	41.7	— *
1814 . . .	60.1	12.0	48.1	17.6
1815 . . .	99.3	55.8	43.5	22.3

* Records destroyed by fire.

Nor do the available data show signs of a contracting market for cotton exports. For the period 1803-6, exports of cotton manufactures averaged £8.2 million and exports of yarn £0.8 million; for the period 1807-12 the corresponding averages were £14.3 million and £0.74 million. In one respect the British cotton industry may have received a benefit in so far as the industry in those parts of Europe which were controlled by Napoleon would be checked, and that check would be due in part to the greater difficulty which it experienced in obtaining its raw materials and in part to the higher prices which had to be paid for raw cotton in France as compared with the price in Great Britain. The troubles of the British cotton industry during this period were in large measure independent of the Continental System and were associated with technical changes affecting the operations of the industry.

The general conclusion which is suggested by the evidence confirms the view of Heckscher that "the Continental System had little success in its mission of destroying the economic organisation of Great Britain."¹

¹ Heckscher: *op. cit.*, p. 364.

Even as regards the narrower objectives of war-time policy it fell far short of its expectations. On the other hand, it was not maintained as a fully consistent policy and its administrative effectiveness was never complete. To that extent, the experience of economic warfare during this period is inconclusive as to its possible effects when applied with more systematic organisation. But the incidental problems which it created, more especially in relation to the rights of neutrals, foreshadowed the situations which were to be created under similar conditions in later periods. In several directions, the status of neutrality had not yet been clearly defined and that had its implications in the methods of blockade and in the treatment of contraband which were to be regarded as legitimate. The development of these issues, however, can best be treated by itself.

CHAPTER II

MODERN DEVELOPMENTS IN INTERNATIONAL LAW AS AFFECTING ECONOMIC WARFARE

IN the intervening century between the end of the Napoleonic Wars and the outbreak of the Great War of 1914-18 economic warfare was practised on several occasions, the most important case occurring in the course of the American Civil War. With these several instances¹ it is not proposed to deal in detail. There was, however, over the same period some clear evidence of an increasing desire to establish the framework of a legal code which might be applied to the methods which would be employed and which would establish the respective rights of belligerent and neutral states. In that connection it is possible to observe a development which was reflected in three directions. The first concerned the nature and implications of neutral conduct; the second concerned the validity of blockades; and the third dealt with the treatment of contraband. For breaches of the accepted code there was the possible resort to reprisals which involved a doctrine the foundations of which were laid in much earlier times. It will be convenient to examine each of these forms of development in turn, though there will be points at which the relevant considerations overlap.

The clarification of the idea of neutrality was effected during the nineteenth century and was the result of a

¹ Apart from the case mentioned above, other examples occurred during the Crimean War, the Franco-Prussian War, the war between the United States and Spain, and the war between Italy and Turkey.

lead given by the United States at the end of the eighteenth century. In itself, the idea of neutrality presupposes the existence of independent states which are not vitally interested in the particular issues which have resulted in war between other states, and such independence in turn presupposes a certain stage of political development. But the idea was further strengthened on the philosophical side by the spread of the conception of natural rights, and on the side of practical affairs by the growth of ocean-going trade. Land frontiers which are established provide fixed geographical limits to the exercise of sovereign powers, but ocean-going ships travel as floating territories over wide areas and become exposed to other modes of "invasion" which affect the interest and prestige of the states under whose flags the ships are sailing.¹ This consideration did much to emphasise the need for agreement and definition. To the modern mind, the notion of neutrality involves in general the idea of impartial conduct towards both belligerents, whatever difficulties may be involved in the detailed application of the idea. It also involves the idea that the impartial spectator shall be immune from attack by both warring parties. So far as immunity from attack means immunity from invasion, the position presents little difficulty; in relation to floating territories, the position may be less clear. But immunity from attack raises larger issues than are involved in simple immunity from invasion. There are other matters of sovereign rights and the impartial spectator may be unable to escape from some interference by belligerents in the exercise of the spectator's normal rights. This general approach to the problem has not always been accepted and it is important to observe just how modern the approach is. In the seventeenth century, belligerent states accepted no obliga-

¹ Woodward: *War and Peace in Europe, 1815-1870*, pp. 47-8. Mr. Woodward also draws attention to the point that "the idea of neutrality is hard to reconcile with the idea of a 'just' war, and that the modern attempt, through the creation of the League of Nations, to revive the idea of a *bellum justum* cuts morally and legally at the roots of full neutrality."

tion to respect the territories of non-combatant states.¹ And even in the eighteenth century it was possible for a state to remain neutral in a war between two other states and at the same time to provide one of the warring parties with military assistance for which provision had been made under some previous treaty obligation. Thus it was that German troops came to be employed by Great Britain in the War of American Independence, and there were other instances of the recognition of the same practice.

This view of neutrality, which is in striking contrast to the modern theory, was first challenged by Sweden in 1788 in the course of its war with Russia. At that time, Denmark was under an obligation to render limited assistance to Russia, and Sweden, while accepting the position, registered its protest that the conduct of Denmark in fulfilling its treaty obligation was not in accordance with the law of nations. For the Swedish claim, however, there was no strong justification on the basis of accepted doctrine and there was still less justification on the basis of accepted practice. Nevertheless, new treaties were coming into existence which endeavoured, among other things, to check the practice. Thus Article XX of the treaty of 1785 between the United States and Prussia provided that neither party should "hire, lend, or give any part of their naval or military force to the enemy of the other, or aid them offensively or defensively against that other."² A still more important revision of traditional doctrine was made later in the century by the United States in the course of the war between Great Britain and France, and that revision initiated a movement which was carried further in the following century.

¹ Oppenheim: *International Law*, 3rd edit., Vol. II, p. 386. Holland: *Lectures in International Law*, 1933, p. 398. Assistance might take other forms. In 1848, Great Britain, in fulfilment of a treaty obligation, prohibited the export of arms to Germany, but allowed their export to Denmark. And in 1900, Portugal fulfilled a treaty obligation in permitting the passage of British troops through Portuguese territory to Rhodesia. Oppenheim: *op. cit.*, p. 412. Thus the practice has persisted in principle into modern times.

² Hyde: *International Law*, Vol. II, p. 692, n. 2.

This latter revision had its starting-point in the provisions of the Treaty of Amity and Commerce negotiated between the United States and France in 1778. Under Article XXI of that treaty, each of the contracting parties undertook not to "apply for or take any commission, or letters of marque, for arming any ship or ships to act as privateers" against the other. On the other hand, the treaty permitted the privateers of either party to take prizes of war to the ports of the other while at the same time denying to enemy cruisers the right of access to these ports except in the case of stress of weather. Article XVII of the treaty was expressed in the following terms:—¹

It shall be lawful for the ships of war of either party, and privateers, freely to carry whithersoever they please the ships and goods taken from their enemies, without being obliged to pay any duty to the officers of the admiralty or any other judges; nor shall such prizes be arrested or seized when they come to and enter the ports of either party; nor shall the searchers or other officers of those places search the same, or make examination concerning the lawfulness of such prizes, but they may hoist sail at any time, and depart and carry their prizes to the place expressed in their commissions, which the commanders of such ships of war shall be obliged to show; on the contrary, no shelter or refuge shall be given in their ports to such as shall have made prize of the subjects, people or property of either of the parties; but if such shall come in, being forced by stress of weather, or the danger of the sea, all proper means shall be vigorously used that they go out and retire from thence as soon as possible.

On the outbreak of war between Great Britain and France in 1793 this treaty became a potentially powerful aid to French policy. American neutrality, benevolently interpreted, was of greater assistance to France than military or naval support.² Moreover, Article XXIII of the treaty incorporated the principle of "free ships, free goods" except in the case of articles of contraband, and

¹ The full text is reprinted in *The Controversy over Neutral Rights between the United States and France, 1797-1800*. Edited by James Brown Scott.

² Bemis: *op. cit.*, p. 96.

Article XXIV excluded provisions and naval stores from the list of contraband. American compliance with the terms of the treaty would, therefore, have made it possible for France to enjoy substantial immunity from the effects of any blockade which Great Britain might endeavour to impose on the French coast, always provided, of course, that Great Britain offered no active opposition to this American aid to France. The situation which was thus created was of outstanding importance to Great Britain, and it was soon apparent that the Revolutionary Government in France was ready to avail itself of a treaty which had been negotiated and ratified under the monarchy. In March 1793, the United States minister at Paris reported to his government that the newly appointed representative of the French Republic to the United States, Genêt, had taken with him "three hundred blank commissions which he is to distribute to such as will fit out cruisers in our ports to prey on British commerce,"¹ and on his arrival these commissions were at once distributed. Against this conduct, the British Government immediately protested. Genêt, however, was not content with this method of enlisting American support for his country's war effort. He helped to raise bands of frontiersmen who were to seize New Orleans from Spain and he organised propaganda to provoke republican insurrections in Canada and Louisiana. In defence of his conduct in issuing commissions to privateers, Genêt argued that the treaty of 1778 did not make it improper to convert prizes of war in United States ports into privateers which would sail under the French flag and that since the treaty denied to France's enemies the right to act in this way it sanctioned the practice in the case of France.²

To these pretexts and to the general conduct of Genêt, the American Government could not remain indifferent, and his generous interpretation of the terms of the treaty of 1778 was not accepted. In June 1793, Jefferson replied that "the entry of an armed vessel into a port, is

¹ *The Controversy over Neutral Rights*, p. 4.

² Bernis. *op. cit.*, p. 97.

one act; the equipping a vessel in that port, arming her, manning her, is a different one, and not engaged by any article of the Treaty.”¹ It was also argued that the treaty obligation did not deny to the neutral party the right to prevent the capture of vessels in violation of the neutrality and sovereignty of that party.² In an earlier communication in the same month, Jefferson wrote that it was

the *right* of every nation to prohibit acts of sovereignty from being exercised by any other within its limits, and the *duty* of a neutral nation to prohibit such as would injure one of the warring Powers; that the granting military commissions, within the United States, by any other authority than their own, is an infringement on their sovereignty, and particularly so when contrary to the duties they owe their own country.³

It was this particular issue which resulted in the formulation of a more specific doctrine concerning the implications of neutrality. The new doctrine meant more than non-intervention in a war between other states; it meant that the neutral state should take steps to prevent its citizens from rendering assistance to any of the warring parties. Thus in April 1793, a Proclamation of Neutrality was issued which required of American subjects the “duty and interest . . . that they should with sincerity and good faith adopt and pursue a conduct friendly and impartial towards the belligerent powers,” and which added that any American subject “who shall render himself liable to punishment or forfeiture under the law of nations, by committing, aiding, or abetting hostilities against any of the said powers, or by carrying to them any of those articles, which are deemed contraband by the modern usage of nations, will not receive the protection of the United States, against such punishment or forfeiture.”⁴ In June 1794, Congress adopted the first

¹ Latané: *op. cit.*, p. 84.

² Moore: *Principles of American Diplomacy*, p. 45.

³ Hyde: *op. cit.*, Vol. II, p. 694.

⁴ Jessup: *American Neutrality and International Police*, p. III. To what extent the position would have been different if the United States had possessed a naval force strong enough to participate in an armed defence of her commercial

Neutrality Act which prohibited the enlistment of men for the service of another state at war and also the fitting out and arming of vessels for the service of such another state. In 1818, this Act was replaced by a more comprehensive statute—the Foreign Enlistment Act—modelled on similar lines, and in the following year a corresponding measure was adopted in Great Britain.

The general position which was thus established was subjected to an important test in the course of the American Civil War. In 1862, the United States Government informed the British Government that there were under construction in Great Britain certain vessels which were intended for the service of the Confederates as warships. At first, the British Government took no action. The *Florida* and the *Alabama*, two of the ships concerned, left the yards without war equipment and set sail ostensibly for neutral ports, but were subsequently met by other British ships which equipped them with guns and ammunition. There was no doubt that the ships in question had been constructed under contract for a Confederate naval agent, but it was argued that since they were not equipped for war purposes in Great Britain, their construction involved no violation of the British Foreign Enlistment Act of 1819.¹ In the case of the *Alabama*, the American protest had been lodged before the ship was launched, but certain delays prevented

interests is a question to which no definite answer can be given. Bemis—*op. cit.*, p. 99—writes: "The heart of the question was, to what extent should the United States, without a navy, insist that Great Britain, the greatest maritime power in the world, observe those principles of the Plan of 1776 that had been written into the Franco-American treaty of amity and commerce; free ships, free goods, freedom of neutral ships to trade in innocent goods to or between enemy ports, and contraband not to include foodstuffs or naval stores? In 1780 France prevailed upon the Netherlands to demand the observance by Great Britain of these dicta, and rather than do so Great Britain declared war. In 1793 George III was not bound by the Franco-American treaty, and Great Britain had consistently maintained that these principles, so increasingly popular among small-navy nations, were not international law. In 1793, moreover, the old Armed Neutrals of 1780 had abandoned them and entered into a coalition against France. The United States alone could not require Great Britain to accept the new interpretation of neutral rights."

¹ Owsley: *King Cotton Diplomacy*, pp. 420, 426.

the proper legal examination of its terms until after the ship had sailed.¹ Finally, the legal advisers of the Crown reported that the ship should be seized, but no attempt was made to put this decision into effect. Undeterred by this legal decision, the Confederate agent proceeded to order further warships to be constructed in British yards. Once more, the American Government protested. On this occasion, the British Government ordered the seizure of one of the ships, but in June 1863 the ship was released by order of the courts on the ground that it was not unlawful for a neutral British subject to build ships for sale to a belligerent. Clearly there was some confusion as to the legal position.

Meanwhile these Confederate raiders exacted a heavy toll of American merchantmen and caused many others to withdraw from service or to transfer to other flags. In the four years 1861-4, 480,882 tons of American shipping were transferred to the British flag alone. Between 1860 and 1865 the amount of American shipping which entered American ports declined by about three-quarters. The magnitude of the damage inflicted, coupled with the dilatory treatment of the American protests, aroused intense indignation in the northern states and claims for damages were submitted in respect of every merchantman destroyed by the raiders. At first, these claims were repudiated; later, they were accepted in principle, but not before the House of Representatives had accepted a bill which proposed to repeal the Act of 1818 and substitute a declaration that it would not be unlawful for American subjects to sell ships to the inhabitants of other countries or to governments which were not at war with the United States. This bill was a threat² directed against Great Britain, but it did not pass the Senate. In the meantime, a change of government in Great Britain removed the

¹ The case had been referred to the Queen's Advocate who was on the verge of insanity, and the papers lay untouched in his house for five days.

² Latané: *op. cit.*, p. 236. If Great Britain should become involved in a future war, a flank attack on British commerce might be conducted by her enemy with the aid of ships constructed and equipped in the United States.

major obstacles to a settlement of the matter under dispute provided the American claims were not placed at exorbitant figures. That, however, was a condition which was not to be fulfilled without further dispute and friction. Sumner, who was Chairman of the Foreign Relations Committee of the Senate, had estimated the direct losses resulting from the activities of the raiders at \$15 million, the indirect losses to American trade through merchant ships being driven from the seas at \$110 million, and the total loss resulting from British recognition of Confederate belligerency at fully \$2,000 million. Sumner also indicated that the cession of Canada to the United States might be accepted in discharge of the claims outstanding.¹ Further difficulty was created by the fact that the views which were expressed by Sumner were also endorsed by the Senate and not-till 1871 was the stage set for a final settlement of the dispute. In that year, the Treaty of Washington was negotiated. This treaty dealt with a number of other points which were then in dispute between the two countries, but it also provided for the settlement of what had come to be known as "the *Alabama* case," and it did so by the method of arbitration to be provided by a tribunal consisting of representatives of Great Britain, the United States, Brazil, Switzerland and Italy. The treaty contained an expression of regret by the British Government "for the escape, under whatever circumstances, of the *Alabama* and other vessels from British ports, and for the depredations committed by those vessels." Compensation was ultimately fixed at \$15 million. What, however, was of greater significance was the sanction of arbitration subject to the three following rules which were accepted as binding on the government of a neutral state:

A neutral Government is bound—

First, to use due diligence to prevent the fitting out, arming or equipping, within its jurisdiction, of any vessel which it has reasonable ground to believe is intended to cruise or to carry on

¹ Latané: *op. cit.*, pp. 440-1.

war against a power with which it is at peace; and also to use like diligence to prevent the departure from its jurisdiction of any vessel intended to cruise or carry on war as above, such vessel having been specially adapted, in whole or in part, within such jurisdiction, to warlike use.

Secondly, not to permit or suffer either belligerent to make use of its ports or waters as the base of naval operations against the other, or for the purpose of the renewal or augmentation of military supplies or arms, or the recruitment of men.

Thirdly, to exercise due diligence in its own ports and waters, and, as to all persons within its jurisdiction, to prevent any violation of the foregoing obligations and duties.

The British Government claimed that these rules could not be regarded as being in force at the date of the American claims for compensation, but it was prepared to accept them as a basis for the award of arbitration. The treaty concluded with the statement that the "contracting parties agree to observe these rules as between themselves in future, and to bring them to the knowledge of other maritime powers, and to invite them to accede to them."

This was an important advance in principle, though there still remained considerable difficulty as to the interpretation of the expression "due diligence," and agreement could not be reached as to the terms of the communication which was to be addressed to other maritime states. The Court of Arbitration accepted the view of the American Government that due diligence "must be in proportion to the risks to which either belligerent may be exposed from failure to fulfil the obligations of neutrality on his part,"¹ and that was a view which, as Oppenheim has pointed out, would have imposed most oppressive obligations upon certain neutral states. Thus it might be that in certain countries, the machinery of government was not sufficiently strong or developed to enable this interpretation of "due diligence" to be enforced without obvious anomaly. On the other hand, it would not be desirable to enable a mere plea of

¹ Oppenheim: *op. cit.*, Vol. II, p. 501.

inability to exonerate a government from its apparent obligations. The definition of "due diligence" employed on this occasion, however, has not been generally accepted and there appears to be no good reason for departing from the customary interpretation which refers to "such diligence as can reasonably be expected when all the circumstances and conditions of the case are taken into consideration."¹

A still more precise formulation of the implications of neutrality, particularly as regards their application to naval warfare, was embodied in the Hague Convention XIII of 1907.² The relevant Articles are as follows:

Art. 1. Belligerents are bound to respect the sovereign rights of neutral powers and to abstain, in neutral territory or neutral waters, from any act which would, if knowingly permitted by any power, constitute a violation of neutrality.

Art. 2. Any act of hostility, including capture and the exercise of the right of search, committed by belligerent warships in the territorial waters of a neutral power, constitutes a violation of neutrality and is strictly forbidden.

Art. 3. When a ship has been captured in the territorial waters of a neutral power, this power must employ, if the prize is still within its jurisdiction, the means at its disposal to release the prize with its officers and crew, and to intern the prize crew.

If the prize is not in the jurisdiction of the neutral power, the captor Government, on the demand of that power, must liberate the prize with its officers and crew.

Art. 4. A prize court can not be set up by a belligerent on neutral territory or on a vessel in neutral waters.

Art. 5. Belligerents are forbidden to use neutral ports and waters as a base of naval operations against their adversaries, and in particular to erect wireless telegraphy stations or any apparatus for the purpose of communicating with the belligerent forces on land or sea.

Art. 6. The supply, in any manner, directly or indirectly, by a neutral power to a belligerent power, of warships, ammunition, or war material of any kind whatever, is forbidden.

Art. 7. A neutral power is not bound to prevent the export or

¹ *Ibid.*; also Holland *op. cit.*, p. 485.

² *Reports of the Hague Conferences of 1899 and 1907*, edited by James Scott Brown, pp. 833 ff.

transit, for the use of either belligerent, of arms, ammunition, or, in general, of anything which could be of use to an army or fleet.

Art. 8. A neutral Government is bound to employ the means at its disposal to prevent the fitting out or arming of any vessel within its jurisdiction which it has reason to believe is intended to cruise, or engage in hostile operations, against a power with which that Government is at peace. It is also bound to display the same vigilance to prevent the departure from its jurisdiction of any vessel intended to cruise, or engage in hostile operations, which has been adapted entirely or partly with the said jurisdiction for use in war.

Art. 9. A neutral power must apply impartially to the two belligerents the conditions, restrictions, or prohibitions made by it in regard to the admission into its ports, roadsteads, or territorial waters, of belligerent warships or of their prizes.

Nevertheless, a neutral power may forbid a belligerent vessel which has failed to conform to the orders and regulations made by it, or which has violated neutrality, to enter its ports or roadsteads.

Art. 10. The neutrality of a power is not affected by the mere passage through its territorial waters of warships or prizes belonging to belligerents.

Further articles dealt with the limitations imposed on belligerent warships in neutral ports or waters. Apart from special cases, such warships might not remain in neutral ports or waters for more than twenty-four hours. The special cases covered refuge from stress of weather or for the purpose of making repairs necessary for seaworthiness but not for the purpose of adding to the fighting force. Neutral ports or waters might not be used for the purpose of replenishing supplies of war material or for completing the crews of belligerent warships, and revictualling was only permissible "to bring up their supplies to the peace standard." A belligerent warship which refuelled at a neutral port might not do so again at a port of the same country for a period of three months, and a prize crew could only be brought in to a neutral port on account of stress of weather, unseaworthiness, or when in need of provisions or fuel. It will be observed that in Article 8 there is no specific reference to the exercise of "due diligence." In its place there

occurs a reference to the employment of the means at the disposal of the neutral state to comply with the obligations of neutrality.

Convention V dealt with the rights and duties of neutral powers and persons in case of war on land. The main provisions were as follows:

Art. 1. The territory of neutral Powers is inviolable.

Art. 2. Belligerents are forbidden to move troops or convoys of either munitions of war or supplies across the territory of a neutral Power.

Art. 3. Belligerents are likewise forbidden:

(a) To erect on the territory of a neutral Power a wireless telegraphy station or any apparatus for the purpose of communicating with belligerent forces on land or sea:

(b) To use any installation of this kind established by them before the war on the territory of a neutral Power for purely military purposes, and which has not been opened for the service of public messages.

Art. 4. Corps of combatants cannot be formed nor recruiting agencies opened on the territory of a neutral Power to assist the belligerents.

Art. 5. A neutral Power must not allow any of the acts referred to in Articles 2 to 4 to occur on its territory.

It is not called upon to punish acts in violation of neutrality unless the said acts have been committed on its own territory.

Art. 6. The responsibility of a neutral Power is not engaged by the fact of persons crossing the frontier separately to offer their services to one of the belligerents.

Art. 7. A neutral Power is not called upon to prevent the export or transit, on behalf of one or other of the belligerents, of arms, munitions of war, or in general, of anything which can be of use to an army or a fleet.

A number of articles follow which deal with belligerent troops who are interned and with wounded persons. The Convention then proceeds:

Art. 16. The nationals of a State which is not taking part in the war are considered as neutrals.

Art. 17. A neutral cannot avail himself of his neutrality:

(a) If he commits hostile acts against a belligerent:

(b) If he commits acts in favour of a belligerent, particularly

if he voluntarily enlists in the ranks of the armed force of one of the parties.

In such a case, the neutral shall not be more severely treated by the belligerent as against whom he has abandoned his neutrality than a national of the other belligerent State could be for the same act.

Art. 18. The following acts shall not be considered as committed in favour of one of the belligerents in the sense of Article 17, letter (b):

(a) Supplies furnished or loans made to one of the belligerents, provided that the person who furnishes the supplies or who makes the loans lives neither in the territory of the other party nor in the territory occupied by him, and that the supplies do not come from these territories;

(b) Services rendered in matters of police or civil administration.

Art. 20. The provisions of the present Convention do not apply except between contracting Powers, and then only if all the belligerents are parties to the Convention.

By the end of the first decade of the twentieth century, therefore, the general principles of a code of neutrality appeared to be established. These principles indicated the nature of the restraints which belligerent states were expected to impose upon their own conduct; but they also indicated the nature of the obligations which neutral states were expected to fulfil in order that their neutrality should be respected. For various reasons, however, some of which were bound up with the notion of sovereignty and others of which were related to the growth of invention as applied to the arts of war, these general principles were not free from difficulty and it could not be maintained that the notion of neutrality had been established beyond dispute. With the greater magnitude of modern war operations and the greater intensity of such conflicts, the strain which war conditions were liable to impose upon neutral states tended to confront such states with problems of increasing difficulty, and there was an apparent paradox in the possibility that in certain circumstances a country might enjoy advantages and safeguards from participation in a war over issues with which it had no direct concern or vital interest in com-

parison with its position if it preserved its complete neutrality. More recent developments, moreover, have raised even more fundamental issues. Thus the question has arisen as to "whether the very theory of neutrality, however interpreted, continued to offer to the international society as large safeguards and benefits as might be derivable from general participation in war against the particular belligerent which without reason unsheathed the sword."¹ Recent attempts to formulate the doctrine of collective security and to create machinery for a new international organisation of society have by their implications challenged the underlying principles of neutrality in the spheres both of morality and of law. Thus in Article XI of the Covenant of the League of Nations it is laid down that

Any war or threat of war, whether immediately affecting any members of the League or not, is hereby declared to be a matter of concern to the whole League, and the League shall take any action that may be deemed wise and effectual to safeguard the peace of nations.

And Article XVI provides that

Should any member of the League resort to war in disregard of its Covenants . . . it shall *ipso facto* be deemed to have committed an act of war against all other members of the League.

The Article proceeds to specify the action which members must take in the circumstances defined. Thus there must be a "severance of all trade or financial relations"; military action may be taken against the aggressor if the aggressor resists; and thirdly, the members are pledged to provide mutual support "in financial and economic measures." With a comprehensive membership of the League and a determination to implement the obligations of the Covenant, the conception of neutrality which had been evolved in the course of the nineteenth century could scarcely be maintained. The objects of the League, however, have not been completely fulfilled.

¹ Hyde: *op. cit.*, pp. 697-8.

The obstacles in the way of the realisation of its principles have indicated that what may be termed the nineteenth-century notion of neutrality will not lightly be abandoned. To do so, in terms of the more recent views which have been mentioned, would involve the surrender of the independence of states in the realm of sovereignty and that hard core of resistance is one which is not readily broken down. But it may be well to remark that the established code of neutrality does not involve a final position; it is rather to be regarded as a set of practices sanctioned by agreement and incorporated in international covenants and limited by the degree of common agreement which it was possible at the time to obtain.

The second line of clarification concerned the validity of blockades. Certain aspects of that question have already been dealt with in the preceding chapter. The issue here was not merely one as to the right of one belligerent to intercept supplies of necessary war materials destined to an enemy; it concerned the right to employ certain measures which would interfere with the normal commercial activities of the enemy, and that involved an interference with the commerce of neutral states. In its origin, the practice of blockade was associated with operations of siege where all movement of goods and of persons into or out of the besieged place was obstructed by military force. Under these conditions, the military force which organised the siege also imposed the blockade as part of its military operations, and, in the language of later controversies, the blockade was "effective." But the question has repeatedly arisen as to how far that condition is essential to a valid blockade, because if there is no military or naval force available to obstruct the free passage of goods to and from the blockaded territory it then appears that the state which imposes the blockade is arrogating to itself certain sovereign rights in relation to neutral states and there is no apparent justification for such action. Thus while a belligerent state may validly enact that its own citizens shall not trade with the

enemy, its domestic sovereignty does not entitle it to impose a similar ban on the citizens of a neutral state. Hence the recurring grievance of neutral states that a blockade may interfere with a trade which they enjoy with the enemy of the blockading state, even though the traffic in question does not involve the provision of military aid to that enemy. That grievance carried with it the demand that blockades should only be held to be valid when they were made effective by the presence of military or naval obstructions in close proximity to the blockaded territory. If that condition were not fulfilled, the naval force of the blockading state could exercise its right to search neutral ships at any point, no matter how remote the point might be from the territory against which the blockade was directed. Clearly, the right of one state to authorise the search of ships belonging to another state involved an interference with the sovereign rights of that latter state.

The issues which were raised in respect of the imposition of blockades would not be dissociated entirely from the treatment of contraband about which there was rather less dispute. For many years, moreover, it was associated in fact if not in logic with the toleration of privateering. In 1854, with the outbreak of the Crimean War, a number of circumstances brought the major issues prominently to the fore. In January of that year, two months after the commencement of hostilities between Russia and Turkey but two months before the British declaration of war on Russia, the governments of Norway and Sweden addressed a note to the belligerents and leading neutrals in which their attitude to the implications of the dispute was made plain. In that statement, the governments of the two Scandinavian countries intimated their intention to remain neutral in the war and to provide impartial treatment to all the belligerents. But such neutrality, it was claimed, would carry with it certain implications which were specified: it would permit the admission to their ports, subject to certain conditions, of the warships and merchantmen of all belligerents; it

would permit ships of the belligerents—other than privateers—to load freely at their ports except in the case of articles of contraband ; it would exclude from their ports all prizes of war, except in the case of ships in distress; and it would claim in return their rights to the immunity of their ships and cargoes from interference by the belligerent states.

This proposal re-echoed the old claim of the Scandinavian countries that their trade in articles which were not contraband should not be molested by belligerents and that was a claim which Great Britain had repeatedly refused to admit. On this occasion, however, the proposal appeared to present advantages to Great Britain since it offset the fear, expressed in Great Britain at the time, that Russian warships would obtain sole access to Scandinavian ports, and that Russian privateers would be able to operate against British merchantmen from Scandinavian bases. That advantage was one for which it might be worth while to pay the price of according immunity to all neutral trade from the right of capture at sea. The reply of the British Government promised support to the proposal of the Scandinavian countries.¹

At that time, British trade with the Baltic was commonly conducted by British merchants located at Russian ports, and these merchants were at once concerned with the probable treatment by British warships of Russian produce which they had acquired and which they might export in neutral ships. The legal opinion in London was that such goods would not be respected by a British blockading force unless special instructions or licences were issued for the purpose, and even then such special arrangements would not necessarily be binding on the blockading force of an ally. In this case, the ally would be France whose customary practice was different from that of Great Britain in one important respect; "the British captured enemy goods on a neutral ship but released neutral goods on an enemy ship, while the French

¹ Malkin: "*The Inner History of the Declaration of Paris*," *The British Year Book of International Law*, 1927, p. 10.

made prize of neutral goods on an enemy ship but did not capture enemy goods under the neutral flag; in other words, for the French the test was the flag, for the British the nationality of the goods.”¹ To meet the situation which was thus created, the British Government undertook to waive its right to seize enemy goods, other than contraband, on neutral ships, while the French Government undertook to waive its right to capture neutral goods, other than contraband, on enemy ships. This concession afforded immunity to neutral trade in the particular case; but it raised questions of general principle which might apply to future cases. The United States Government urged that the principle of “free ships, free goods” should be accepted as binding under all future conditions, and also that, contraband apart, all neutral property even if loaded on enemy ships should be exempt from confiscation. To a maritime power like Great Britain, however, it was desirable that the right to capture enemy goods on neutral ships should be preserved. On the other hand, it was also in the interest of Great Britain that privateering should be abolished. The interests of the United States might appear to lie opposed to both these claims; i.e. to oppose both the right of a belligerent to capture enemy property on neutral ships and the proposal to abolish privateering. It is now evident that members of the British Cabinet were prepared to grant immunity to all neutral trade even if that meant the surrender of an important and long established British claim provided the abolition of privateering could thereby be secured; but they did not fail to visualise the difficult situation which would arise if the United States Government failed to agree to the abolition of privateering when the British Government had granted exemption from capture to enemy goods on neutral ships.² Acceptance of the one point appeared to be conditional on acceptance of the other.

In 1856, the Declaration of Paris was signed by Great Britain, France, Russia, Austria, Prussia, Sardinia, and

¹ *Ibid.*, p. 13.

² *Ibid.*, pp 28-30.

Turkey and these Powers undertook "to bring the present declaration to the knowledge of the states which have not taken part in the congress of Paris and to invite them to accede to it." The points covered by the Declaration included (a) the abolition of privateering, (b) the principle that, apart from contraband, the neutral flag covered enemy goods, (c) the principle that, apart from contraband, neutral goods were immune from capture when carried under enemy flag, and (d) the principle that only effective blockades, in the sense of blockades maintained by forces sufficient to prevent access to the coast of the enemy, were binding.

The United States Government did not accept these provisions, though in the course of the Civil War its attitude changed. During the negotiations which culminated in the Paris Declaration, the American Government made a proposal which involved an extensive immunity to all private property at sea, with the exception of articles of contraband. This proposal, which would have extended the privileges afforded to neutral trade to cover the entire ocean-going trade of enemies, was one which the British Government was unable to accept. Nevertheless it was a proposal for which there were precedents and it was one which was incorporated in certain later treaties. In 1785, a Treaty of Friendship between the United States and Prussia had provided that in the event of war between the two countries merchantmen should not be seized. In 1823, the United States had made a similar proposal to Great Britain, France, and Russia though Russia alone had indicated a conditional acceptance. In 1865, Italy incorporated in her Marine Code a provision that in time of war enemy merchantmen should not be captured provided the enemy adopted a similar practice. In 1870, Germany exempted French merchant ships from capture but abandoned the project when France refused to follow suit. And in 1871, a commercial treaty between the United States and Italy incorporated the principle.¹ It is probable that but for

¹ Oppenheim: *op. cit.*, pp 251-2.

the opposition of Great Britain and France the principle might have been embodied in the Paris Declaration, but in the case of Great Britain in particular the sacrifice which its acceptance involved was too great to justify its support. As it was, the terms of the Declaration meant for Great Britain a considerable departure from former practice and that was a concession which, as has been indicated, was made with the object of securing agreement on the abolition of privateering. As it happened, no privateer was commissioned by the United States after this date,¹ though the need to resort to this form of warfare was removed by the development of normal naval strength. It may also be observed that the provision for the abolition of paper blockades was accepted at the Paris negotiations without any particular discussion.²

Within five years of the signing of the Paris Declaration, a new and crucial situation arose in a form which raised afresh all the former issues with regard to the rights of neutrals and the methods of blockade. At the commencement of the American Civil War, the President of the southern Confederacy took steps to commission privateers. This decision was immediately countered on the other side by the declaration of a blockade of the southern coast. At the same time, the Government of the United States indicated its willingness to reverse its previous decision with regard to the Declaration of Paris. This gesture was inspired solely by considerations of diplomatic expediency. If the signatory powers were prepared to accept the adherence of the United States to the provisions of the Declaration, these same powers would be unable to recognise the privateering tactics of the southern Confederacy. The Confederacy, on the other hand, had revealed the fact that on its side the Declaration of Paris would be acceptable only with the exclusion of the clause relating to privateering. In these circumstances, the other powers were not prepared to recognise unconditional acceptance of the Declaration

¹ Jessup: *op. cit.*, p. 22; and Malkin: *op. cit.*, p. 43.

² Malkin: *op. cit.*, p. 37.

unless that were limited to the post-war period. Conditional acceptance, in the sense proposed by the Confederacy, they were prepared to recognise for the duration of the war.¹

The general problem was further complicated by other factors which caused friction between the Governments of the United States and Great Britain. To some of these, reference has already been made. But the *Alabama* case was not the sole cause of bitterness. In May 1861, the British Government proclaimed its neutrality and similar action was taken at later dates by the governments of other countries in Europe and in America. This proclamation was an implicit expression of the view that the conflict between the northern and the southern states was a war and not merely an insurrection. It meant that both sides could expect to enjoy equal belligerent rights in relation to neutral states. That in itself raised several issues. To the Government of the United States, the southern Confederacy appeared to be in revolt, and it was in accordance with that view that the announcement was made that any Confederate ship which interfered with the freedom of another ship sailing under the flag of the United States would be treated as a pirate. On the other hand, the formal proclamation of the blockade of the southern coast had described the act as one done "in pursuance of the laws of the United States and of the law of nations" and by so doing had raised the conflict to the status of warfare.²

The blockade of the southern coast contributed materially to the ultimate result of the war, but in certain particulars its repercussions differed from what had been expected in the first instance. In the south, the view was

¹ This decision was doubtless governed by the preponderance of sympathy for the southern states during the early stages of the conflict. But it also happened to be a correct decision so long as the two antagonists were regarded as being in a state of "war."

² Latané: *op. cit.*, p. 368. This author also points out that the claim of the United States government was not consistent with its own practice in recognising *de facto* Governments. And in April 1862 the Supreme Court of the United States also took the view that what existed was "a state of war."

confidently held that European countries which depended on the Confederate states for their supplies of raw cotton would resent any interference with the trade of these states. In England alone there were some four million persons out of a population of twenty millions dependent directly or indirectly on cotton for their livelihood, and it seemed that here there was an economic interest which could not fail to determine the foreign policy of Britain in relation to the American war. In France there was the same apparent economic interest, though to a lesser extent. Apart from this economic factor, there were other influences which were unfriendly to the north. The conduct of Seward, while Secretary of State, more particularly in relation to Canada, was not calculated to promote British confidence in the ultimate aims of the United States Government; and in November 1861 there was the action of a United States warship in stopping a British merchantman, the *Trent*, on the high seas for the purpose of removing two Confederate envoys who were travelling as passengers. The letters of Charles Francis Adams, the newly appointed minister of the United States to London, leave no doubt as to the chilliness of his reception in that city. And yet, despite the hardship occasioned by the blockade to British industry¹ and employment, economic interest did not determine British policy. When the slavery issue became more prominent, opinion moved steadily against the southern

¹ One indication of the effect on British industry may be given. British imports of raw cotton for the period 1860-5 were as follows (in million lbs.):

	Total	From U.S.A.
1860	1,391	1,116
1861	1,257	820
1862	524	14
1863	670	6
1864	893	14
1865	978	136

At the height of the cotton famine in 1862 the number of persons on relief rose from 122,774 in June to 508,293 in December. If each labourer had three dependents, this latter figure would correspond to a destitute population of 2,033,172. Owsley *op. cit.*, p. 159. The position was similar on the Continent. In 1860, Europe apart from England had received 1,688,000 bales of American cotton; by 1862 the supply had fallen to 764,000 bales.

states. With these cross-currents, however, the present discussion is not concerned.¹ What is important in the present connection is the fact that the persistent and successful attempts at blockade-running created a problem which the Government of the United States could not ignore. The common practice in the south was to employ specially constructed boats to run the blockade, and to carry goods between the blockaded territory and the Bahamas which then became the distributing point for the final destinations of the goods. If the blockade-runners could not be suppressed, the United States Government was then faced with the problem of the neutral trade which was in effect escaping the cordon. If it persisted in its traditional attitude it would be unable to interfere with that trade. The doctrine of "free ships, free goods" was less palatable to a country which was now at war and which had also passed out of the ranks of the small-navy powers to the ranks of those whose navies were potentially powerful forces.²

¹ On the plane of economic interest, the poor British crops during the early years of the sixties increased the importance of supplies of American wheat which would not have been available if Great Britain had attempted to break the Federal blockade of the southern coast. Economic interest, however, was not one-sided. If Great Britain required American wheat, the Federal Government in America required British munitions. But a purely economic interpretation of British policy during this period is inadequate.

² At this time, the naval resources of the United States were small and inadequate for the purpose of maintaining a close blockade of the Confederate coast. Hence the argument that the blockade was a paper blockade and as such invalid. It has been estimated that in 1861 only one in ten of the blockade runners was captured, in 1862 one in eight, and in 1863 one in four. Owsley: *op. cit.*, p. 285. Nevertheless, the British Government refused to make use of the point and was prepared to take a generous interpretation of the Paris Declaration as regards paper blockades. *Ibid.*, p. 457. This author makes the following observations on the policy of the Federal Government during this period: "America had always played the rôle of the professional neutral before 1861, and had stood out for all the extreme maritime rights of a neutral. She had insisted that the neutral flag covers the goods, that neutral goods were safe under a belligerent flag; she had denied the right of search on the high seas in quest of contraband goods, or evidences of intention to break a blockade; she had insisted upon a strict, effective blockade as opposed to paper and cruising blockades of British practice; she had claimed the right of unhampered sale of munitions of war and of warships to belligerents—subject only to limited rights of seizure as contraband. In short, in the rôle of professional neutral America had insisted upon the "freedom of the seas" to the practical extinction of

After some initial hesitation, the Government of the United States decided upon active measures and a number of neutral ships, mainly British, were seized and brought before the Courts. The *Stephen Hart* was captured in January 1862 off the Cuban coast with a cargo of war supplies but without invoices, bills of lading, or a manifest. The *Bermuda* was captured in April 1862 in the British West Indies with a cargo of munitions. The *Pearl* was captured in January 1863 on her way to Nassau with a small consignment of seamen's jackets and cloth consigned to a well-known blockade-runner in Nassau. The *Peterhoff* was captured in February 1863 on her way to Mexico with a miscellaneous cargo which included military equipment and consigned to a Mexican town situated at short distance from a Confederate port. The *Springbok* was captured in the same month on her way to Nassau with a cargo which included articles of contraband. These were some of the principal cases. In the cases of the *Stephen Hart*, the *Pearl*, and the *Bermuda*, the vessels and their cargoes were condemned. In the case of the *Peterhoff*, some of the cargo was condemned while the ship was released on payment of costs; and in the case of the *Springbok* the cargo was condemned while the ship was released without costs or damages. The various judgments differed in detail according to the nature of the cargoes and the presumptions governing the destinations of the cargoes. But the significant fact was the acceptance of the doctrine of continuous voyage as a legitimate ground for interference with a neutral trade. In the

belligerent rights upon the seas. But on the first occasion when she had the opportunity to make use of her superior sea-power against an inferior maritime belligerent, she abandoned all her former principles and occupied the British position at one grand stride. She laid a paper blockade, adopted the practice of search and seizure of vessels hundreds of miles from the blockaded coast, stretched the doctrine of continuous voyage beyond the imagination of Lord Stowell, whose decisions had left the world dizzy, and ferociously denied the right of England to sell either cannon or ships to the enemy. When the Civil War was over, the body of principles upholding neutral rights on the seas gained by American and European struggle against British practices had been sadly altered—in fact, neutral maritime rights might be said to have been restored to the status of the Napoleonic era, all of which points to the short-sightedness of American diplomacy." *Ibid.*, pp. 433-4.

decision in the *Springbok* case, the conclusion was clearly formulated that "the cargo was originally shipped with intent to violate the blockade; that the owners of the cargo intended that it should be transhipped at Nassau into some vessel more likely to succeed in reaching safely a blockaded port than the *Springbok*; that the voyage from London to the blockaded port was, as to cargo, both in law and in the intent of the parties, one voyage; and that the liability to condemnation, if captured during any part of that voyage, attached to the cargo from the time of sailing." The owners of the cargo appealed to Lord Russell but without success. Not merely was the doctrine of continuous voyage one which had for long been enforced in British Prize Courts, but the acceptance of the principle by the United States might provide a useful precedent on some future occasion.

In 1909, the Declaration of London endeavoured to deal specifically with some of the problems of blockade and contraband which were still unsettled. With regard to blockade, Article 14 provided that "the liability of a neutral vessel to capture for breach of blockade is contingent on her knowledge, actual or presumptive, of the blockade." In Article 17, the principle that only effective blockades were binding was re-stated with the more precise addition that "the seizure of neutral vessels for violation of blockade may be made only within the radius of action of the ships of war assigned to maintain an effective blockade." And in Article 19 it was provided that "whatever may be the ulterior destination of the vessel or of her cargo, the evidence of violation of blockade is not sufficiently conclusive to authorise the seizure of the vessel if she is at the time bound towards an unblockaded port." Thus a neutral vessel could not be held to be guilty of an attempt to break a blockade unless discovered within the area of operations of the blockading fleet. Moreover, the intention was that the area of operations of the blockading fleet would be a fact about which there would be no dispute. It would be a defined zone within which certain naval forces had been detailed

to obstruct the passage of other vessels to the blockaded coast. But even the presence of a neutral ship in the area of operations of the blockading forces did not in itself imply a violation of the blockade. The neutral ship was also required to be destined to a blockaded port. The provisions of the London Declaration cut at the roots of the doctrine of continuous voyage. If it had been ratified it might have provided a new legal code to which blockade measures would be subject. In Great Britain, its provisions were accepted by the House of Commons but rejected by the House of Lords, and ratification was not obtained.¹

The third line of development, which concerned the treatment of contraband, was the least susceptible to clarification. Articles of contraband are those which one belligerent forbids to be carried to the enemy on the ground that they assist the enemy in the more vigorous prosecution of the war, and it has long been accepted in principle that interference with the supply of such articles to an enemy destination is a legitimate act. But there has been persistent dispute as to the definition of the articles which might be brought within the scope of contraband. The Declaration of Paris of 1856, as has already been mentioned, gave immunity from capture both to enemy goods under neutral flag and to neutral goods under enemy flag, subject in each case to the exclusion of contraband, but without any definition of the articles which were to be so excluded.

The problem in this case has something in common with the problem of blockade. In both cases there is a certain trade which is prohibited. But the prohibition does not come from the same source as the general principle of neutrality. Neutrality, as that has come to be understood, implies a "loyal abstinence from real participation in a war on the part of all those who do not avowedly participate in it." The obligation to refrain from

¹ During the Italo-Turkish War of 1912 both belligerents complied with the terms of the Declaration. Oppenheim *op. cit.*, Vol. II, p. 397.

participation in the prohibited trade of contraband, on the other hand, is "simply the result of a rule of positive international law, established by the practice of maritime nations upon the principle of self-preservation, in the interest of a belligerent with sufficient command of the sea to prevent these particular forms of neutral interference with his naval operations."¹

In the application of the idea, there are some articles which by common consent would come within the scope of the prohibition. Articles which by their very nature are used in war—such as guns and ammunition—would be so included. In the Convention of Peace, Commerce, and Navigation between the United States and France signed in 1800, Article XIII mentioned a number of articles which would be regarded as contraband without dispute:²

In order to regulate what shall be deemed contraband of war, there shall be comprised under that denomination, gun-powder, saltpetre, petards, match, ball, bombs, grenades, carcasses, pikes, halberds, swords, belts, pistols, holsters, cavalry-saddles and furniture, cannon, mortars, their carriages and beds, and generally all kinds of arms, ammunition of war, and instruments fit for the use of troops.

Beyond that point, agreement was more difficult to obtain. In 1659, the Treaty of the Pyrenees between France and Spain restricted articles of contraband to those things which had a warlike character, but excluded "wheat, corn, and other grains, pulse, oils, wines, salt, and generally all things useful to sustain life, unless destined to towns and places besieged, blocked up, or surrounded." In 1661, on the other hand, the Treaty of Whitehall between Great Britain and Sweden included

¹ Pyke, *Law of Contraband*, p. 3.

² *The Controversy over Neutral Rights*, edited by James Brown Scott, p. 498. By Article XIV, all other articles were declared to be free if carried on free ships. Any article, contraband or free, if found on an enemy ship, was liable to confiscation. The American demand for the complete immunity of all private property at sea had not by this time assumed a prominent place in the diplomacy of that country.

money and provisions in the category of contraband along with munitions of war.¹ In 1713, the commercial treaty between Great Britain and France excluded from the list of contraband "all provisions which serve for the nourishment of mankind and the sustenance of life." The Treaty of Amity and Commerce of 1778 between France and the United States specified a long list of goods which were not to be treated as contraband. Article XXIV, after enumerating a number of articles of war-like character which could be regarded as contraband, provided that ²

These merchandizes which follow shall not be reckoned among contraband or prohibited goods; that is to say, all sorts of cloth, and all other manufactures woven of any wool, flax, silk, cotton, or any other materials whatever; all kinds of wearing apparel, together with the species whereof they are used to be made; gold and silver, as well coined as uncoined, tin, iron, latten, copper, brass, coals; as also wheat and barley, and any other kind of corn, or pulse; tobacco, and likewise all manner of spices; salted and smoked flesh, salted fish, cheese and butter, beer, oils, wines, sugars, and all sorts of salts; and in general all provisions which serve for the nourishment of mankind and the sustenance of life; furthermore, all kinds of cotton, hemp, flax, tar, pitch, ropes, cables, sails, sailcloths, anchors, and any parts of anchors, also ships' masts, planks, boards and beams of what trees soever; and all other things proper either for building or repairing ships, and all other goods whatever which have not been worked into the form of any instrument or thing prepared for war by land or by sea, shall not be reputed contraband, much less such as have been already wrought and made up for any other use; all which shall be wholly reckoned among free goods; as likewise all other merchandizes and things which are not comprehended and particularly mentioned in the foregoing enumeration of contraband goods.

At the outbreak of the war with France in 1793, Great Britain intercepted shipments of provisions which were destined to France.³ In 1794, in view of difficulties

¹ Hyde: *op. cit.*, p. 577.

² The text is reprinted in *The Controversy over Neutral Rights*, pp 460-1.

³ In Chapter I an account is given of the sequence of events relative to this point.

which had arisen with the United States, a treaty was negotiated with that country, and among other things this treaty endeavoured to make provision for those difficult cases—such as foodstuffs—on which misunderstanding had arisen, and had done so by stipulating that whenever any such articles were seized the owner should be compensated. This was an act of diplomatic accommodation; it did not resolve the point in dispute which was one of principle. Moreover, there was the possibility of distinguishing between foodstuffs which were intended for the civilian population and foodstuffs which were destined for the use of the armed forces of the enemy. In its original measures, the British Government had been influenced by the special circumstances of the new form of government in France.¹ When it withdrew from this position, it did not follow that foodstuffs must necessarily become free goods. If such articles were not to be regarded as absolute contraband, they might still be treated as conditional contraband—i.e. goods which are not necessarily intended for use in war, but which under certain conditions may be of great service to the enemy for the continuance of the war. In 1799, in the case of the *Jonge Margaretha*—which concerned a consignment of Dutch cheeses from Amsterdam to Brest, which was the centre of great naval activity—Lord Stowell stated his conclusion thus: “I take the modern established rule to be this—that generally (provisions) are not contraband, but may become so under circumstances arising out of the particular situation of the war or the condition of the parties engaged in it.”² If the pre-

¹ See Chapter I, p. 4.

² Quoted by Randall: “*History of Contraband of War*,” *Law Quarterly Review*, Oct. 1908, p. 453. On the question of presumed destination, Lord Stowell made these observations: “Of the matter of fact on which the distinction is to be applied, the nature and quality of the port to which the articles were going is not an irrational test. If the port is a general commercial port it shall be understood that the articles were going for civil use, although occasionally a frigate or other ships of war may be constructed in that port. *Contra*, if the great predominant character of a port be that of a port of naval military equipment, it shall be intended that the articles were going for military use, although merchant ships resort to the same place, and though it is possible that the articles

sumption were strong that the foodstuffs were destined to the armed forces of the enemy, the seizure of the foodstuffs as conditional contraband appeared to be warranted. In 1816, the Supreme Court of the United States gave a decision in similar terms.¹

In 1885, in the course of her war with China, France declared that rice would be treated as absolute contraband when destined to ports situated north of Canton. On this occasion, the British Government registered its protest that foodstuffs could not in general be treated as contraband, to which the French Government replied that its action was justified by "the importance of rice in the feeding of the Chinese population." The German Government, on the other hand, refused to be associated with this protest. Bismarck claimed that it was for a belligerent to specify what it regarded as contraband, and that a measure was justifiable if it "has for its object the shortening of the war by increasing the difficulties of the enemy," but added that it must be "impartially enforced against all neutral ships."² In 1900, in the course of the Boer War, Lord Salisbury informed the American ambassador in London that "Foodstuffs with a hostile destination can be considered contraband of war only if they are supplies for the enemy's forces. It is not sufficient that they are capable of being so used; it must be shown that this was in fact their destination at the time of their seizure."³ Four years later, during the Russo-Japanese War, Russia declared that rice and provisions would be treated as absolute contraband, but on the protest of Great Britain and the United States modified her attitude and agreed to regard them as conditional contraband.

might have been applied to civil consumption; for it being impossible to ascertain the final use of an article *ancipitis usus*, it is not an injurious rule which deduces both ways the final use from the immediate destination; and the presumption of a hostile use, founded on its destination to a military port, is very much inflamed if at the time when the articles were going a considerable armament was notoriously preparing, to which a supply of those articles would be eminently useful."

¹ Hyde: *op. cit.*, p. 584.

² Pyke *op. cit.*, p. 99.

³ *Ibid.*, p. 133.

In 1909, the Declaration of London recognised the threefold distinction of absolute contraband, conditional contraband, and free goods. The first included articles and materials exclusively used for war purposes; the second included articles and materials susceptible of use in war as in peace; and the third included articles and materials not susceptible of use in war. On the basis of this classification, the Declaration formulated certain rules which should be followed:

Art. 30. Absolute contraband is liable to capture if it is shown to be destined to territory belonging to or occupied by the enemy, or to the armed forces of the enemy. It is immaterial whether the carriage of the goods is direct or entails either transshipment or transport over land.

Art. 33. Conditional contraband is liable to capture if it is shown that it is destined for the use of the armed forces or of a government department of the enemy state, unless in this latter case the circumstances show that the articles can not in fact be used for the purposes of the war in progress.

Art. 34. There is presumption of the destination referred to in Art. 33 if the consignment is addressed to enemy authorities, or to a merchant established in the enemy country, and when it is well known that this merchant supplies articles and materials of this kind to the enemy. The presumption is the same if the consignment is destined to a fortified place of the enemy, or to another place serving as a base for the armed forces of the enemy; this presumption, however, does not apply to the merchant vessel herself bound for one of these places and of which vessel it is sought to show the contraband character.

Failing the above presumptions, the destination is presumed innocent.

Art. 35. Conditional contraband is not liable to capture, except when on board a vessel bound for territory belonging to or occupied by the enemy, or for the armed forces of the enemy, and when it is not to be discharged at an intervening neutral port.

Art. 36. Notwithstanding the provisions of Art. 35, if the territory of the enemy has no seaboard, conditional contraband is liable to capture if it is shown that it has the destination referred to in Art. 33.

Art. 37. A vessel carrying articles liable to capture as absolute or conditional contraband may be captured on the high seas or in

the territorial waters of the belligerents throughout the whole course of her voyage, even if she has the intention to touch at a port of call before reaching the hostile destination.

Art. 38. A vessel may not be captured on the ground that she has carried contraband on a previous occasion if such carriage is in point of fact at an end.

Art. 40. A vessel carrying contraband may be condemned if the contraband, reckoned either by value, weight, volume, or freight, forms more than half the cargo.

Art. 41. If a vessel carrying contraband is released, she may be condemned to pay the costs and expenses incurred by the captor in respect of the proceedings in the national prize court and the custody of the ship and cargo during the proceedings.

This Declaration was not ratified and therefore was devoid of binding force, but even if ratification had been obtained there is little doubt that considerable difficulty would have arisen as to the interpretation of the different categories of contraband. These difficulties proceed in the main from the changes which occur over time in the character of war operations. In terms of theory, the distinction between absolute and conditional contraband appears to be simple and clear-cut, but the attempt to give specific content to the two notions does not lend itself to a single and final solution. The same consideration applies equally to the distinction between conditional contraband and free goods. In earlier times, when the armed forces of a state were small both absolutely and relatively to the population, the problem might be comparatively simple, but that condition no longer prevails. Moreover, under the conditions of a modern war, supplies for the civilian population are likely to an increasing extent to be subject to direct state control. Also to an increasing extent is the civilian population likely to be engaged in the direct prosecution of the war effort. Again, the progress of invention has increased the range of materials which possess potential significance for war purposes. For that reason alone, extensions of the list of conditional contraband would seem to be inevitable. The London Declaration endeavoured to specify the articles which might be included within the

three main categories,¹ but it did so in ways which gave rise to obvious anomalies.

These anomalies arose both from the treatment which it was proposed to apply to the different categories of contraband and from the lists of goods which were assigned to each category. Thus horses, if suitable for war purposes, were regarded as absolute contraband, despite the fact that they could not be regarded as exclusively useful for war purposes, and in virtue of Article 30 a consignment of horses genuinely destined to a neutral trader would be in danger of confiscation if there was the possibility that the consignment could be conveyed subsequently to an enemy destination. On the other hand, the more important articles of raw cotton, oil seeds, and metallic ores were included in the list of free goods and as such could escape confiscation even when conveyed to an enemy port for obvious war purposes. And "flying machines," regarded as conditional contraband, could under certain circumstances escape confiscation if destined to a neutral port in territory adjacent to the enemy.²

Thus by 1914 it could not be said that general agreement existed as to the law of contraband or as to the most desirable line of policy for states to pursue. The proposals of the London Declaration were too obviously out of keeping with the conditions of modern warfare to command serious attention. Perhaps by the very nature

¹ Article 22 specified a number of articles of absolute contraband, including arms of all kinds, projectiles, explosives, gun mountings, military clothing and equipment, harness, saddle, and draught horses suitable for war purposes, camp equipment, armour plates, warships, and implements designed exclusively for the manufacture of munitions. Article 23 provided for the extension of this list by notification. In Article 24, a list of conditional contraband was set forth including foodstuffs, forage and grain for animal feeding, clothing suitable for use in war, gold and silver money or bullion and paper money, vehicles for war use, boats of all kinds, railway material, flying machines and balloons, fuel, and lubricants, explosives not specially prepared for war purposes, barbed wire, harness and saddlery, field glasses and all kinds of nautical instruments; while Article 25 provided for the extension of this list by notification. In Article 28, the list of free goods included textile materials, oil seeds and nuts, rubber and gums, raw hides, natural and artificial manures, metallic ores, earthenware, clays, and glass, paper, soap, colours, agricultural and other machinery, precious stones, clocks, fancy goods, and household furniture.

² Percy: *Maritime Trade in War*, pp. 40-1.

of the problem no clear solution was possible. The issues which were raised were far-reaching and affected the most fundamental principle of neutral rights. Thus the exercise of the right of search was conditional on the use which was to be made of the particular law of contraband which was to be enforced. And the doctrine of continuous voyage could hardly be repudiated without envisaging the complete abolition of contraband.

Such an abolition was in fact proposed by the British Government at the Hague Conference of 1907, partly on the ground that the attempt to deprive an enemy of war supplies had not succeeded to an extent which was sufficient to justify the inconvenience which was created to neutral traders. The argument which the British delegate, Lord Reay, employed on this occasion is significant because if its validity could be accepted it would testify to the general futility of economic warfare. "The custom established by international law as to contraband of war," said Lord Reay,¹ "is based upon the principle that a belligerent has the right to prevent his adversary from receiving from a neutral those things which are indispensable for the waging of war. In the beginning, when the regulations in this regard took more or less definite shape, it was possible for a belligerent to deprive the enemy of such aid without doing unreasonable harm to neutral commerce. But the conditions of the world have changed since that time, and belligerents have thus been led little by little, in order to attain their ends, to pervert the meaning of the regulations and to extend their scope to the detriment of the interests of neutrals. However, in spite of such action, the regulations are powerless to accomplish their purpose and succeed only in doing great harm to neutral commerce. Thus it is indisputable that in recent wars it has never been possible for a belligerent to deprive his adversary of the munitions which the latter needs." It is perhaps sufficient comment to mention that within ten years of this pronouncement, the application of economic pressure had brought

¹ *The Proceedings of the Hague Conference*, Vol. III, p. 848.

one enemy near to the point of collapse. Nevertheless, the British proposal in 1907 received the support of Argentina, Portugal, Switzerland, Belgium, Austria-Hungary, Norway, and Sweden. On the other side were ranged Germany, France, Russia, the United States, and Turkey. The German delegate argued that "the right of belligerent Powers to prohibit commerce in articles of contraband of war is founded on the principle of legitimate self-defense. . . . A neutral vessel which engages in such commerce is committing a violation of the duties of neutrality." Under these conditions the problem was one of reconciling the claims of belligerents with the interests of trade. "It is a question of defining the conception of contraband, of eliminating the abuses caused by an unwarranted extension of the right to control and suppression, and of protecting innocent commerce from unnecessary molestation."¹ The French delegate argued that "it is perhaps a bad thing to give neutral commerce too great facilities. . . . If we guarantee to neutrals free trade without any restrictions, will they not have considerable interest in the prolongation of hostilities, since their commerce will be in a more favourable situation than in time of peace?"² The American delegate claimed that "the United States, while upholding the doctrine of the immunity of private property at sea, has always recognised as a last resort the right of belligerents to wage effective war. That is why it has always considered contraband subject to confiscation and why it has maintained the right of blockade. The United States believes that the publication of a list of contraband by a belligerent is not an attack on the rights of neutrals, but that if this right is not abused, such publication is in conformity with their interests."³

The position as it then was, and as it continued to be, could best be described in Lord Reay's words as "a custom established by international law." Each

¹ *The Proceedings of the Hague Conference*, Vol. III, p. 849.

² *Ibid.*, p. 856.

³ *Ibid.*, p. 861.

belligerent could specify its own lists of contraband, whereupon it became a matter of negotiation with neutral traders to determine the extent to which the inconveniences of search could be reduced. At that point, the problem in fact became one of expediency, and the enforcement of contraband might be restricted by the fear that the interest of a belligerent in some other direction might be damaged. Thus a neutral state which supplied one of the belligerents with some important commodity might be in a strong position to induce that belligerent not to interfere with some other part of its trade which might conceivably have an enemy destination.¹ Moreover, all states were not equally vulnerable to pressure of the kind which blockade and contraband might involve. Island states, by the very fact of their geographical isolation, were more exposed to methods of blockade if these could be enforced, and contraband appeared to be an essential supplement to blockade measures directed against non-island states. In these circumstances, the policy of the British Government in 1907 seemed to be inconsistent with the interests of Great Britain in the event of a major war, and could only be maintained on the supposition that economic warfare was an ineffective method of conducting hostilities. If, on the other hand, economic warfare could be effectively employed, its practice carried with it the implication that with developments in scientific invention the lists of contraband would become longer and more elaborate, and in that way the interference with neutral trade, far from being diminished, was bound to increase.

The foregoing discussion has endeavoured to indicate that while certain important developments had occurred in international law as affecting the conduct of economic warfare, there had not been created a definite and complete code of legal rules to which all states subscribed. That, however, did not mean that there was no corpus

¹ It will be seen later how in the early stages of the war of 1914-18 considerations of this nature acted as a restraining influence on British policy.

of international law to which appeal could be made. In general it might be said that there was a greater measure of agreement as to the general principles which it was desired to express than as to the application of these principles in particular instances. In that respect there was perhaps no fundamental difference between international law and civil law.¹ In another respect, however, there was an important difference. In civil law there is a sovereign authority to enforce the law and to impose penalties for its non-observance by those who are subject to that sovereign authority. In international law there is no corresponding sovereign authority. Failure to observe that latter law, therefore, did not bring into operation any regular machinery of punishment or restraint, and in the course of actual hostilities the temptation to ignore the requirements of international law must necessarily be great. On the other hand, the absence of legal restraint gives force to the resort to reprisals which, in the case of civil law, is not tolerated.

The idea of reprisals has its origin in the ancient notion of a common bond uniting all persons who owed allegiance to the same prince, but like other ancient ideas it has undergone considerable change in its application. In matters of warfare, an act of reprisal is said to be admitted for any act of illegitimate warfare committed by the enemy and at the order of some member of the government of that enemy. Its dangers are obvious. If international law relating to warfare is not clearly and completely defined violations of that law may not easily be determined except in the most glaring instances. Moreover, an act of reprisal is subject to no law and may therefore become arbitrary. It may be difficult to ascer-

¹ It may, of course, be said that the difference in the degree of agreement is so great as to constitute a fundamental difference, and that the agreement in international law is so highly incomplete that its enforcement during actual hostilities is rendered precarious; the variety of situations which can occur in the course of actual warfare does not always make it possible to prescribe for these situations by static rules, so that any set of rules may require interpretation in the light of equity. Yet in war-time the sense of equity is coloured and often distorted by inflamed passions, and no provision is made for any appeal to an independent tribunal.

tain all the relevant facts relating to the offence for which the act of reprisal is contemplated, and in a very special sense it may inflict punishment on innocent parties. As against these objections, the fear of reprisal may serve to restrain an enemy from committing the more outrageous violations of international law. Attempts to prescribe the form which legitimate reprisals may take have not as yet succeeded in clarifying the position. Article 50 of the Hague Convention IV Respecting the Laws and Customs of War on Land (1907) declared that

no general penalty, pecuniary or otherwise, shall be inflicted upon the population on account of the acts of individuals for which they cannot be regarded as jointly and severally responsible.¹

Beyond that point there is no accepted limitation, and it has been observed that even this restriction "does not prevent the burning, by way of reprisals, of villages, or even towns, for a treacherous attack committed there on enemy soldiers by unknown individuals, and this being so, a brutal belligerent has his opportunity."² On the other hand, reprisals can only be justified when they are measures taken against an enemy on account of breaches of law committed at the order of members of the government of that enemy. They are not justified for war crimes which are unauthorised acts committed by individual members of the enemy state.

¹ *Reports to the Hague Conferences of 1899 and 1907*, p. 519.

² Oppenheim. *op cit*, Vol. II, p. 341.

which were employed. The first of the diplomatic issues which were raised in connection with the possible development of economic warfare concerned the proposal of the United States Government that the belligerents should "agree that the laws of naval warfare as laid down by the Declaration of London of 1909 should be applicable to naval warfare during the present conflict in Europe." Such a proposal had obvious advantages for the Central Powers and the governments of these countries immediately responded with an acceptance of the proposal provided the other belligerents gave a similar assurance. The British Government, on the other hand, was only prepared to accept the proposal subject to modifications. These modifications included the substitution of new lists of contraband for those specified in the Declaration; but they also involved substantial departures from the rules which were incorporated in the Declaration. Thus the Order in Council of August 20, 1914, provided for the detention of a neutral vessel which had carried contraband to the enemy under false papers on her previous voyage, and it was also laid down that enemy destination could "be inferred from any sufficient evidence, and . . . shall be presumed to exist if the goods are consigned to or for an agent of the enemy State or to or for a merchant or other person under the control of the authorities of the enemy State." It was clear that these modifications cut deep into the principles of the London Declaration.¹ In October, the United States Government withdrew its proposal and declared that it would therefore "insist that the rights and duties of the United States and its citizens in the present war be defined by the existing rules of international law and the treaties of the United States irrespective of the provisions of the Declaration of London," and that it reserved to itself "the

¹ Sir Edward Grey, as Foreign Secretary, had supported the terms of the Declaration when they were first formulated. The Declaration was accepted by the House of Commons, but was rejected by the Lords. Grey's final opinion was that it was not clear whether the general observance of the Declaration would have favoured the allied war effort or whether it would have been a handicap. *Twenty-Five Years*, Vol. II, p. 102.

right to enter a protest or demand in each case in which those rights and duties so defined are violated or their free exercise interfered with by the authorities" of the British Government.¹

During the first five months of the War, the British Government relied exclusively upon the ability of its naval forces to intercept articles of contraband. As already mentioned, the lists of contraband were revised and extended. Thus a Proclamation of August 4 placed all aircraft and its component parts on the list of absolute contraband and a further Order of September 21 added copper, lead, glycerine, ferrochrome, iron-ore, rubber, hides, and skins to the list of conditional contraband. The failure to add cotton to this list before 1915 enabled large quantities of that important commodity to reach the enemy through neutral channels but was explained by the reluctance of the British Government to add to the existing difficulties in Anglo-American relations.² On October 29, 1914, new and revised lists of contraband were issued which placed such articles as iron-ore, nickel, ferrochrome, copper, lead, aluminium, motor vehicles of all kinds, and mineral oils and motor spirit (except lubricating oils) within the category of absolute contraband. And at the same time, a new Order in Council was issued to replace the one issued on August 20 and defining the modifications of the London Declaration which the British Government proposed to enforce. This new Order contained the following provisions:

1. A neutral vessel, with papers, indicating a neutral destination, which, notwithstanding the destination shown on the papers, proceeds to an enemy port, shall be liable to capture and condemnation if she is encountered before the end of her next voyage.

¹ *Diplomatic Correspondence between the United States and Belligerent Countries Relating to Neutral Rights and Commerce*. Special Supplement to the *American Journal of International Law*, Vol. 9, p. 7. This collection of State papers will be referred to in this chapter under the short title of *Diplomatic Correspondence*.

² "It was felt that to include cotton would certainly provoke a challenge from the United States and would impair the prospect to her agreeing to a list that included copper or rubber. We decided to concentrate on getting copper and rubber included and we secured this important point." Grey: *op. cit.*, Vol. II, p. 105.

2. The destination referred to in Article 33 of the said London Declaration shall be presumed to exist if the goods are consigned to or for an agent of the enemy State.

3. Notwithstanding the provisions of Article 35 of the said Declaration, conditional contraband shall be liable to capture on board a vessel bound for a neutral port if the goods are consigned "to order," or if the ship's papers do not show who is the consignee of the goods, or if they show a consignee of the goods in territory belonging to or occupied by the enemy.

4. In the cases governed by the preceding paragraph 3 it shall lie upon the owners of the goods to prove that their destination was innocent.

These provisions represented considerable departures from the terms of the unratified London Declaration. Thus whereas the Declaration had provided that the destination of conditional contraband should be presumed innocent unless certain specified presumptions should exist, the new Order placed upon the owners of the goods the obligation to prove the innocence of their destination. Again, whereas the Declaration had proposed to exclude conditional contraband from the application of the doctrine of continuous voyage, the new Order removed this exclusion. And whereas the Declaration had sought to prevent the capture of a vessel for an offence committed during a previous voyage that immunity was now removed.

By this time, the form of action to be taken was governed partly by reprisals for alleged enemy violations of international agreements as well as by considerations of general policy. As early as August 11, 1914, the British Government had occasion to complain that German mines had been scattered "indiscriminately about the North Sea in the open sea without regard to the consequences to merchantmen,"¹ and in contravention of Article 1 of the Hague Convention VIII of 1909. The British Admiralty therefore claimed full liberty of action to adopt similar measures in self-defence. Later, it was claimed that mines were being sown not merely in the North Sea but off the Irish coast and in the Atlantic and

¹ *Dip. Corr.*, Vol. 11, p. 4.

by vessels sailing under neutral flags. On November 7, the German Government denied the charge that these mines were being laid under cover of neutral flags, but claimed that the Hague Convention VIII was not binding since it had not been ratified by all the belligerents.¹ The obligation to notify neutral states of the location of such mines, it was claimed, had been reasonably fulfilled by the general announcement on August 7 that "the trade routes to English ports would be closed by mines by Germany."² The extension of the British minefields was the reply to the German action. On October 2, the British Government announced as a reprisal that mines would be laid in specified zones, and on November 3, a proclamation was issued which declared the whole of the North Sea to be a "military zone," passage through which would be dangerous except when made in accordance with Admiralty instructions.³

On December 26, 1914, the United States Government lodged the first of a series of protests against certain of the practices of the Allied Governments in restraining the trade of neutrals. The general claim which was advanced on this occasion was that "the commerce between countries which are not belligerents should not be interfered with by those at war unless such interference is manifestly an imperative necessity to protect their national safety, and then only to the extent to which it is a necessity."⁴ In more detail, complaint was made of the

¹ Article 7 of the Convention provided that its provisions "do not apply except between contracting Powers, and then only if all the belligerents are parties to the Convention." It was now claimed that since Russia had not ratified the Convention it was not binding on any of the other belligerents.

² *Dip. Corr.*, Vol. 11, p. 18. The reply of the German Government added the qualification: "If the German Government did not give the exact situation of the various mines this may well be understood from the conditions which forced the laying of the mines"

³ Since there were no rules of international law relating to "military areas," the American Government decided to offer no protest to the British action. In February 1917, however, the Government of the United States decided to reserve generally all its rights in such areas, including the right to claim compensation for injury suffered. Bemis: *op. cit.*, p. 592.

⁴ *Dip. Corr.*, Vol. 9, p. 56. Bemis describes this as a complacent pronouncement, but it is clear that a literal acceptance of all its implications would deprive a belligerent of all power to apply economic pressure upon the enemy. It is

treatment of American cargoes destined for neutral ports and of "the apparent indecision of the British authorities in applying their own rules to neutral cargoes." The complaint here was based not so much upon any matter of general principle as upon the sense of grievance provoked by uncertainty and lack of uniformity in the administration of the contraband control. The American Government therefore asked for information as to the manner in which the British Government proposed to pursue its policy, in order that the Government of the United States might in turn take the appropriate steps to protect its own citizens "engaged in foreign trade, in their rights and from the serious losses to which their cargoes are exposed." The same note complained that American cargoes of foodstuffs had been seized without the British Government "being in possession of facts which warranted a reasonable belief that the shipments had in reality a belligerent destination," and protested against any seizure which might be based upon "mere suspicion."¹ Finally, the note drew attention to the increasing belief in the United States "doubtless not entirely unjustified, that the present British policy towards American trade is responsible for the depression in certain industries which depend upon European markets."²

interesting to compare this claim of the American Government with the other statement in the Memorandum of the Department of State to the British Embassy on August 13, 1914: "All restrictions upon the rights of neutrals upon the high seas, the common highway of nations, during the progress of a war, are permitted in the interests of the belligerents, who are bound in return to prevent their hostile operations from increasing the hazard of neutral ships in the open sea so far as the exigencies of the war permit." *Dep. Corr.*, Vol. 11, p. 5.

¹ Foodstuffs had been treated as conditional contraband from the outbreak of the War, but the administration of the control had been lax. In January 1915, the German Government took control of all foodstuffs and from this time the Allied interception of supplies consigned either directly or indirectly to Germany was more rigorously enforced.

² "At this time Americans were slow to catch Thomas Jefferson's vision of the New World fattening upon the follies of the Old. In fact, those who produced such potential war-materials as copper, steel, and cotton saw little to cheer them. When they sought comfort in the hope of opening up trade with Latin-America, they learned that Spanish-Americans could not buy because their credit facilities in London had vanished. Though it now seems strange that copper and steel

In its reply to this note, the British Government was able to show that during the four months of the War, United States exports to European neutrals had increased despite the restrictions to which that trade was supposed to be exposed. Exports to the Allied countries, on the other hand, had declined.¹ It was further claimed that the detention of neutral ships by the Allied forces had not caused so much inconvenience to these neutrals as had the destruction of their ships by the laying of enemy mines, and that the policy adopted by the British Government was in keeping with that which the United States Government had pursued during the American Civil War.² On

interests did not foresee a war demand for their products, it must be remembered that the war was at first expected to be brief. In the short run, their pessimism was borne out, for these industries remained depressed until February 1915."—Morrissey: *The American Defence of Neutral Rights, 1914-1917*, p. 7. A contributing factor was the lack of a large mercantile marine and the consequent dependence on British shipping. An attempt was made to overcome this obstacle by a proposal that the American Government should purchase German ships which were idle in American ports, but this proposal ran counter to the principle that a neutral state must not relieve a belligerent of the consequences of the war, and the scheme had to be abandoned.

¹ On October 21, 1915, the American Government replied, *inter alia*, to this argument with unusual sarcasm. Since British exports to these neutral countries had also increased, Great Britain "shares in creating a condition which is relied upon as a sufficient ground to justify the interception of American goods destined to neutral European ports. If British exports to those ports should be still increased, it is obvious that, under the rule of evidence contended for by the British Government, the presumption of enemy destination could be applied to a greater number of American cargoes, and American trade would suffer to the extent to which British trade benefited by the increase. Great Britain cannot expect the United States to submit to such manifest injustice as to permit the rights of its citizens to be so seriously impaired."—*Dip. Corr.*, Vol. 10, p. 78. The strict logic of this rejoinder may be disputed, but the American grievances were seriously felt. Thus it was said that while the International Harvester Company was not allowed to supply Denmark with agricultural machinery, British agricultural machinery was not merely entering Denmark, but in some cases was being conveyed to Germany; that while American exports of oil-seeds were subject to interference, Danish imports of copra from British colonies were three times greater than the pre-war average; and that while American exports of oil for the internal combustion engines of Danish fishing vessels were restricted, British coal was being obtained by Danish dairies which were selling their products to Germany. Consett: *op cit*, p. 287.

² On that occasion, Mr. Seward, the United States Secretary of State, had made the following statement "Neutrals engaged in honest trade with Matamoros must expect to experience inconvenience from the existing blockade of Brownsville and the adjacent coast of Texas. While this Government unfeignedly

the question of foodstuffs, it was argued that the German practice of mobilising the entire resources of the nation for war purposes had removed any clear distinction which might formerly have existed "between those whom the Government is responsible for feeding and those whom it is not. Experience shows that the power of requisitioning will be used to the fullest extent in order to make sure that the wants of the military are supplied, and however much goods may be imported for civil use it is by the military that they will be consumed if military exigencies require it, especially now that the German Government have taken control of all the foodstuffs in the country."¹ It could not be without significance that exports of mineral lubricating oil from the United States to the three Scandinavian countries had increased from 718,000 gallons in September and October 1913 to 1,612,000 gallons in the corresponding months of 1914; that the exports of lard—from which glycerine could be obtained—to Denmark had increased in the same period from nil to 22.6 million lb., and that exports to Denmark of bacon, canned beef, pickled and cured beef, and pickled pork had increased from 43,000 lb. to 2.14 million lb.² Such increases created a strong presumption that the additional exports were intended for an enemy destination.³ This presumption was not diminished by later experience. In the three years 1911-13, Swedish regrets this inconvenience, it cannot relinquish any of its belligerent rights to favor contraband trade with insurgent territory. By insisting on those rights, however, it is sure that that necessity for their exercise at all, which must be deplored by every friendly commercial Power, will the more speedily be terminated."

¹ *Dip. Corr.*, Vol. 9, p. 80.

² *Ibid.*, p. 81. It is clear that the United States ambassador in London did not always agree with the attitude of his Government in protesting against the working of the British contraband control. Grey relates the following incident which occurred when Page was presenting a note of protest from his Government. "'I am instructed,' he said, 'to read this despatch to you.' He read, and I listened. He then said, 'I have now read the despatch, but I do not agree with it; let us consider how it should be answered.' " Grey: *Twenty-Five Years*, Vol. II, p. 106.

³ This presumption would have been weakened if these exports from the United States were taking the place of supplies which the neutral countries formerly obtained from the Central Powers, but that was not the case in fact.

imports of lard averaged 888 tons, of which 638 tons came from the United States. In 1915, imports were 9,318 tons, of which 9,029 tons came from the United States.¹ But the American grievances would have been less important if the anomalies in the regulations affecting British exports had been less apparent.

In 1915, maritime warfare became more intense and that had its effect upon the attitude of belligerents and neutrals alike. A German proclamation of February 4 declared that the waters surrounding the British Isles would be treated as a war zone within which every enemy merchantman would be destroyed "without its always being possible to avert the dangers threatening the crews and passengers," while even neutral ships in that zone would be exposed to danger. In defence of this measure, it was argued that Great Britain had already declared the whole of the North Sea to be a seat of war, "so that they have in a way established a blockade of neutral coasts and ports,"² that there had been a general departure from even the principles of the London Declaration which the British Government had undertaken to observe,³ and that instructions had been issued to British merchantmen that they might make use of neutral flags for the purpose of avoiding detection by German naval forces. This last charge referred to reports that the American flag had been hoisted by the *Lusitania* while approaching the British coast and when within range of a German submarine. The American Government, in a communication which it addressed to the British Government, appears to have recognised that the occasional use of a neutral flag by a belligerent merchantman "under the stress of immediate pursuit and to deceive an approaching enemy" might be warranted by usage, but it distinguished

¹ *Dip. Corr.*, Vol. 10, p. 132.

² *Ibid.*, Vol. 9, p. 84

³ As indicated above, the British Government had not ratified the London Declaration, and in its reply to the American proposal that the terms of the Declaration should be observed during the war period had only undertaken to comply with the suggestion with such modifications which destroyed its substance. There was therefore no departure from any undertaking previously given.

such use under special stress from "the explicit sanction by a belligerent government for its merchant ships generally to fly the flag of a neutral power."¹ Such general use, it was argued, would not merely defeat its object, but it would also deprive *bona fide* neutral ships of the protection to which their flags entitled them. The reply of Sir Edward Grey to these American overtures did not admit that any general instructions had been issued to British merchant ships as to the use of foreign flags, but indicated that "the British merchant shipping act makes it clear that the use of the British flag by foreign vessels is permitted in time of war for the purpose of escaping capture, that some other nations were believed to follow a similar rule, and that in no case was the practice forbidden."² In these circumstances, the British Government would not undertake to stop a practice which was so generally sanctioned.³

On February 20, 1915, the United States Government made an attempt to secure modifications of the practices of both groups of belligerents. Subject to the acceptance

¹ *Dip. Corr.*, Vol. 9, p. 89.

² *Ibid.*, pp. 96-7. The British permission was contained in the Merchant Shipping Act, 1894, Sections 69 and 70. See Chitty's *Statutes*, Sixth Edition, Vol. 13, p. 397. On the particular case of the *Lusitania* the British reply stated that "it was understood that the German Government had announced their intention of sinking British merchant vessels at sight by torpedoes without giving any opportunity of making any provision for saving the lives of non-combatant crews and passengers. It was in consequence of this threat that the *Lusitania* raised the United States flag on her inward voyage and on her subsequent outward voyage. A request was made by the United States passengers who were embarking on board her that the United States flag should be hoisted presumably to insure their safety. . . . His Majesty's Government did not give any advice to the company as to how to meet this request and it is understood that the *Lusitania* left Liverpool under the British flag."

³ Sir Julian S. Corbett in the official history of the war—*Naval Operations*, Vol. II, p. 264—denies that the use of the neutral flag was abused. "It was not even true that the alleged order had been given. But on January 31, after the publication by an American journalist of an interview with Admiral von Tirpitz, in which a submarine war on commerce was adumbrated, and after three British ships had been torpedoed without warning, the Admiralty did issue a confidential instruction advising merchantmen to keep a clear look-out for submarines, and when near the British Isles to show either neutral colours or none at all. It was a well-established ruse of war, which all nations had practised as a matter of course."

on both sides of a restricted use of mines, the restricted use of submarines for purposes of visit and search, and the abolition of the use of the neutral flag by belligerent merchantmen, each side was requested to consider further proposals. Thus Germany was asked to agree that imported foodstuffs should only be consigned to American agencies in Germany, that these agencies should be independent of control by the German Government, and that they should be responsible for the distribution of the articles concerned to licensed retailers who in turn would supply only non-combatants; on the other hand, Great Britain was asked to remove foodstuffs from the contraband list and to agree that supplies consigned to these American agencies should not be subject to interference. The German Government accepted this American proposal subject to an important modification as regards the use of mines. Thus whereas the American proposal had suggested that floating mines should be placed only within cannon range of harbours which were to be defended, the German Government did not consider that it was "feasible for the belligerents wholly to forego the use of anchored mines for offensive purposes."¹ The British reply took note of this qualification which foreshadowed no mitigation of the blockade of the British coast, and coupled it with the indiscriminate use of the submarine and the bombardment of open towns on the English east coast. It further claimed that the interception of food supplies for the civilian population was in accordance with German policy as expounded by Bismarck and Caprivi and that, therefore, it was "not repugnant to German morality." In May, the American offer was repeated through informal channels, with the additional condition that the use of poison gas by Germany should be renounced. On this occasion, the German Government declined the offer unless raw materials were also brought within the scope of the proposal and the raw materials which were mentioned were materials which were important for equipping the

¹ *Dip. Corr.*, Vol. 9, p. 100.

armies in the field. On the Allied side, the American proposal was rejected on the ground that the German Government could not be trusted to observe the conditions on which the American proposal was based.¹

It was at this stage that blockade measures by the Allied Powers were formally initiated as a counter-stroke to the German attempt to prevent supplies of all kinds from entering or leaving British or French ports. On March 15, 1915, the British Foreign Secretary informed the American ambassador that the British fleet had "instituted a blockade, effectively controlling by cruiser 'cordon' all passage to and from Germany by sea."² The explanatory note addressed to the United States Government, however, suggested that some modification of normal blockade procedure was intended:

His Majesty's Government have felt most reluctant at the moment of initiating a policy of blockade to exact from neutral ships all the penalties attaching to a breach of blockade. In their desire to alleviate the burden which the existence of a state of war at sea must inevitably impose on neutral sea-borne commerce, they declare their intention to refrain altogether from the exercise of the right to confiscate ships or cargoes which belligerents have always claimed in respect of breaches of blockade. They restrict their claim to the stopping of cargoes destined for or coming from enemy territory.³

The Order in Council of March 11 which put the new policy into effect declared that merchant ships would not be allowed to proceed to German ports and that no vessel which sailed from a German port would be allowed to proceed with goods laden at such a port. All goods so laden would be discharged at an Allied port for treatment under prize court procedure. Furthermore, merchant ships which carried goods with an enemy destination or were enemy property and which sailed for non-German ports might be required to discharge their cargoes at an

¹ Bemis. *op. cit.*, p. 597. This American historian adds: "The German replies to this sane American suggestion must puncture in the mind of every careful student the later lament against the British 'hunger blockade,' which had such a strong appeal to neutral opinion."

² *Dip. Corr.*, Vol. 9, p. 108.

³ *Ibid.*, p. 110.

Allied port, and ships which sailed from non-German ports with goods of enemy origin or property would be liable to similar treatment. Any ship which sailed ostensibly for a neutral destination and then proceeded to an enemy port would, if subsequently captured, be liable to condemnation.

This Order in Council at once called forth a vigorous protest from the Government of the United States on the ground that it implied a "practical assertion of unlimited belligerent rights over neutral commerce within the whole European area, and an almost unqualified denial of the sovereign rights of the nations now at peace."¹ A nation's rights over its own ships, it was argued, were unlimited in time of peace; in time of war they were modified only by the recognised belligerent rights to impose a blockade of the enemy's coast and to intercept contraband of war. There was no recognised belligerent right to interfere with the traffic in goods from one neutral to the enemy *via* the territory of another neutral state. Thus "it is a rule sanctioned by general practice that, even though a blockade should exist and the doctrine of contraband as to unblockaded territory be rigidly enforced, innocent shipments may be freely transported to and from the United States through neutral countries to belligerent territory without being subject to the penalties of contraband traffic or breach of blockade, much less to detention, requisition, or confiscation." There is little doubt that the Order in Council represented a complete departure from the rules established in the Declaration of Paris of 1856 which granted immunity to neutral goods on enemy ships and to enemy goods on neutral ships, subject always to the law of contraband. Moreover, the new blockade would apply not merely to all enemy ports but also to all ports from which access to enemy territory was possible, and the blockade of neutral territory had never been recognised as valid.²

¹ *Ibid*, p. 117.

² Article 18 of the unratified London Declaration had stated that "the blockading forces must not bar access to neutral ports or coast."

The note of the American Government admitted that the conditions under which modern blockades might be enforceable were necessarily different from those which prevailed when the rules of blockade were established, but it saw no reason why, if circumstances required that the blockading cordon should extend across the approaches to neutral coasts, there should not still be free passage to and from neutral ports.

The considered British reply to this protest was submitted on June 23. In that reply, the British Government declined to accept the argument which the American note had implied—"that if a belligerent is so circumstanced that his commerce can pass through adjacent neutral ports as easily as through ports in his own territory, his opponent has no right to interfere and must restrict his measures of blockade in such a manner as to leave the avenues of commerce still open to his adversary."¹ Moreover, the doctrine of continuous voyage was generally accepted and it had been applied with great effect by the American Government in the course of the Civil War. With the geographical situation of Germany, effective blockade measures could not ignore the similar application of that doctrine. The British blockade, it was claimed, involved no interference with trade with which interference would not have been justified if the geographical structure of Germany had been such that all German trade had to pass through German ports.²

The controversy was resumed in the American note of October 21 in which the United States Government upheld the right to sell goods "into the general stock of a neutral country," and denounced as illegal and unjustifiable any attempt by a belligerent to interfere with that right on the ground merely that it suspects that the previous supply of such goods in the neutral country, which the imports renew or replace, had been sold to the enemy. But the note went further and claimed that

¹ *Dip. Corr.*, Vol. 9, p. 158.

² Nothing could have made clearer the peculiar disabilities under which an island state suffered from the older rules of blockade.

even if the goods were conditional contraband and were intended to pass through neutral territory to an enemy destination "that fact is not sufficient to justify their seizure."¹ The American Government was therefore prepared to contest seizures which were based upon conjectural suspicion. It is clear that once more it was the apparently unequal incidence of the British contraband control which provided the main source of the American grievance. Thus the inability of the Allied forces to close the German Baltic ports to trade with the countries of Scandinavia conferred an advantage upon these countries not obtainable by the United States. The United States Government, while admitting this consideration, endeavoured to object on more general grounds, and declined to recognise the legality of the blockade which had been imposed by the Order in Council of March 11. Accordingly, it refused to recognise the validity of British prize court procedure in the treatment of American ships.

The full British reply of April 24, 1916, insisted that the new conditions of trade as well as of warfare necessitated new methods in the administration of blockades. It required little demonstration that in time of war the statements which appeared in a ship's manifest could not always be accepted. The practice of falsifying ship's papers where goods were intended for an enemy destination through neutral channels might not be capable of detection without a careful examination which could not be made on the high seas. For that reason alone the practice of conveying the ship to an Allied port for examination—a practice which had aroused strong American criticism—could be defended, and although there might be inconvenience to shippers through additional expense and delay there was no evidence that American trade with other neutral countries had in fact been reduced. Moreover, the American argument that consignments which were made ostensibly to neutral agents should not be seized unless incontrovertible evidence could be advanced to show that

¹ *Dip. Corr.*, Vol. 10, p. 79.

they were in fact destined for enemy use implied a simple request to Great Britain to abandon that pressure on the enemy which it could exert through its command of the seas. On the other hand, the British reply indicated that there was no desire to inconvenience legitimate neutral trade to an extent greater than the circumstances of the situation required, and new regulations were promised for the purpose of mitigating the legitimate grievances of neutral traders.

On July 7, 1916, the Maritime Rights Order in Council was issued as indicative of the rules which the Allied Governments would henceforth observe:

(a) The hostile destination required for the condemnation of contraband shall be presumed to exist until the contrary is shown, if the goods are consigned to or for an enemy authority, or an agent of the enemy state, or to or for a person in territory belonging to or occupied by the enemy, or to or for a person who, during the present hostilities, has forwarded contraband goods to an enemy authority, or an agent of the enemy state, or to or for a person in territory belonging to or occupied by the enemy, or if the goods are consigned "to order," or if the ship's papers do not show who is the real consignee of the goods.

(b) The principle of continuous voyage or ultimate destination shall be applicable both in cases of contraband and of blockade.

(c) A neutral vessel carrying contraband with papers indicating a neutral destination, which, notwithstanding the destination shown on the papers, proceeds to an enemy port, shall be liable to capture and condemnation if she is encountered before the end of her next voyage

(d) A vessel carrying contraband shall be liable to capture and condemnation if the contraband, reckoned either by value, weight, volume, or freight, forms more than half the cargo.

By this Order, even the qualified observance of the London Declaration which the Order in Council of August 20, 1914, had accepted was now withdrawn. The economic pressure on Germany would now be exercised to the utmost extent, and it remained for neutrals to accommodate themselves to the new conditions by making arrangements with the blockading authorities

for the passage of supplies which had a genuine neutral destination.

In September 1916, the United States Government registered its protest that the new rules were "at variance with the law and practices of nations in several respects" and that it would reserve all its rights "including the right not only to question the validity of these rules, but to present demands and claims in relation to any American interests which may be unlawfully affected directly or indirectly by the application of these rules."¹ To this protest, the British Government replied in October that "if the rules . . . are not deemed . . . to be in accordance with international law, they should be challenged in the Prize Court." The American Government repudiated this suggestion in its entirety. In November 1916 the United States ambassador in London was instructed to inform the British Government that "without admitting that even individual rights when clearly violated by Orders in Council must be maintained by resort to local tribunals, this Government must announce that it, of course, has no intention to resort to British courts for the maintenance of such of its national rights as may be infringed by Orders in Council of Great Britain."²

In the early part of 1917 the German submarine campaign was intensified and neutral ships were warned that they would enter certain further zones at their own risk. Since this action not merely involved new attacks on neutral shipping but also involved an intensification of the attempt to blockade the British Isles, counter-measures were deemed to be necessary, and the Order in Council of February 16, 1917, tightened the Allied blockade of the Central Powers. The new Order included two new provisions:³

1. A vessel which is encountered at sea on her way to or from a port in any neutral country afforded means of access to the enemy territory without calling at a port in British or allied territory shall, until the contrary is established, be deemed to be carrying goods

¹ *Dip. Corr.*, Vol. 11, p. 2.

² *Ibid.*, p. 3.

³ *Ibid.*, p. 51.

with an enemy destination or of enemy origin and shall be brought in for examination and if necessary for adjudication before the prize court.

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3. Goods which are found on the examination of any vessels to be goods of enemy origin or of enemy destination shall be liable to condemnation.

The foregoing account has been concerned principally with American criticism of British policy up to April 1917, when the United States entered the War as a belligerent. But there were other problems which entered into the background of diplomacy against which the economic struggle was conducted. Some of these were further developments of the general grievances which have already been mentioned because the more rigorous the pressure which the Allied Powers exerted on the trade connections of the Central Powers the more interference did that involve in neutral trade. Thus there was the preparation of "black lists" of neutral traders with whom British nationals were forbidden to deal on account of the relations subsisting between these traders and enemy agents. This black-listing method carried with it serious inconveniences for the traders who were affected as well as for other neutral traders with whom they might have dealings. Thus a neutral shipping company which accepted consignments from a black-listed firm might find itself deprived of supplies of coal at British ports. In the same way, black-listed firms might be deprived of financial facilities which they had hitherto enjoyed and might find it difficult to obtain their requirements from other sources. The method may have been a necessary element in the policy of economic warfare, but it involved a more arbitrary interference with neutral trade than had hitherto been practised, and it evoked protest from the American Government in July 1916. International law, it was claimed, had already placed at the disposal of belligerent states certain recognised practices of blockade and contraband and had

prescribed remedies and penalties for breaches of effective blockade and for trade in contraband. These penalties were enforceable "for every unneutral act by whomsoever attempted." Moreover, they were accompanied by safeguards for the rights of neutrals since there was "the just and honorable principle that neutrals may not be condemned nor their goods confiscated except upon fair adjudication and after an opportunity to be heard in prize courts or elsewhere." The method of the black list removed these safeguards by condemning "without hearing, without notice, and in advance."¹ The British reply of October 10, 1916, claimed that the Trading with the Enemy Act, 1915, which had sanctioned the preparation of black lists was a legitimate piece of domestic legislation and that the complaints of neutral traders had no legal validity. If the effect of the black list was to deprive enemy agents of the support of British property or British credit, it could not be held that the preparation and use of such a list was inconsistent with the normal rights of a belligerent state.

Two other elements in the diplomatic background call for some consideration. The one involved a German complaint against American policy, and the other involved the growing American resentment at the German submarine campaign and its effects on neutral life and property. The first of these implied a charge of unneutral conduct and was first raised by the German Government in April 1915. The substance of the complaint concerned the export of American arms and munitions which, owing to the Allied command of the seas, were obtainable only by the Allied Powers. But it was also associated with the interruption of shipments of foodstuffs to Germany and for that reason the German Government asserted that it "must assume that the United States Government acquiesces in the violations of international law by Great Britain."² This assumption, in the German view, appeared to be confirmed by the fact that the United States was building up a new munitions

¹ *Dip. Corr.*, Vol. 11, p. 149.

² *Ibid.*, Vol. 9, p. 126.

industry on a large scale for the service of Germany's enemies. The whole conception of neutral rights, it was argued, had been evolved with the object of protecting the existing industries of neutral states; it had not been intended to provide a cloak for the creation of new industries which would confer one-sided advantages upon certain of the belligerents. "If it is the will of the American people that there shall be a true neutrality, the United States will find means of preventing this one-sided supply of arms or at least of utilising it to protect legitimate trade with Germany, especially in foodstuffs." The German claim could be met in one of two ways; either by imposing an embargo on the export of munitions; or by the exercise of pressure on the Allied Governments to compel these Governments to relax their economic pressure on the Central Powers.¹

This attack on the good faith of the United States brought forth a vigorous reply from the Secretary of State, who maintained that an arms embargo under the conditions which then existed would involve a breach, rather than a confirmation, of American neutrality. In his reply, Mr. Bryan argued that "any change in its own laws of neutrality during the progress of a war which would affect unequally the relations of the United States with the nations at war would be an unjustifiable departure from the principles of strict neutrality. . . . The placing of an embargo on the trade in arms at the present time would constitute such a change and be a direct violation of the neutrality of the United States."²

Both the Austrian and the German Governments endeavoured to challenge this American declaration, the former by arguing that neutrality implied "strict parity with regard to both belligerent parties,"³ and the latter by a defence of its own methods of conducting maritime

¹ It may be recalled that, two months earlier, the American Government had made identical proposals to both groups of belligerents with the object of earmarking supplies of American foodstuffs for the use of the civilian population of Germany, and that these proposals had failed in their object on account of the attitude of the German Government.

² *Dip. Corr.*, Vol. 9, p. 129.

³ *Ibid.*, p. 147.

warfare. The Austrian communication replied to the American view that no alteration of the rules of neutrality was permissible during the course of an actual war by invoking the preamble to the Hague Convention VIII concerning the rights and duties of neutral states in naval war. In that preamble, the American position was expressly stated but with the rider which excepted a "case where experience has shown the necessity for such a change for the protection of the rights" of the neutral states.¹ To that extent, the right to revise the rules of neutrality in time of war appeared to be justified in special instances. But the United States Government, in its reply on August 12, correctly refused to regard this right as an obligation. "The recognition of an obligation of this sort, unknown to the international practice of the past, would impose upon every neutral nation a duty to sit in judgment on the progress of a war and to restrict its commercial intercourse with a belligerent whose naval successes prevented the neutral from trade with the enemy."² The singularly novel principle which the Central Powers now proposed to the United States could not, moreover, be confined to the trade in munitions of war. It was capable of extension to all forms of contraband with the most paradoxical results. Moreover, the power to alter the rules of neutrality which the Hague Convention appeared to sanction was a discretionary and not a mandatory power and the right to take advantage of such a power rested with the neutral and not with any belligerent.

The arguments advanced by the Central Powers had no legal validity, but it is probable that their real object was to encourage the propagandist movement which had been promoted in the United States for the purpose of securing an embargo on the export of munitions. The German reply of July 8 to the American Government was in marked contrast to that of the Austrian Government. Ostensibly it was an invitation to America to collaborate

¹ *Reports to the Hague Conferences of 1899 and 1907*, p. 832.

² *Dip. Corr.*, Vol. 9, p. 166.

in an attempt to secure the freedom of the seas, but with American opinion still inflamed by the sinking of the *Lusitania* in May of that year it was necessary to offer some defence of the methods of naval warfare which the German Government had authorised. The note was, in fact, a tirade against British methods. "While our enemies loudly and openly have proclaimed war without mercy until our utter destruction, we are conducting war in self-defence for our national existence and for the sake of peace and assured permanency. We have been obliged to adopt submarine warfare to meet the declared intentions of our enemies and the method of warfare adopted by them in contravention of international law."¹ As for the *Lusitania*, that ship was armed and it carried a cargo which included munitions of war for the use of Germany's enemies. "If the commander of the German submarine which destroyed the *Lusitania* had caused the crew and travellers to put out in boats before firing the torpedo this would have meant the sure destruction of his own vessel."² The propagandist campaign for an arms embargo failed. In its place there was organised a campaign of sabotage in which were implicated Mr. Constantin Dumba, the Austrian ambassador at Washington, and Captain von Papen and Captain Boy-ed, the military and naval attachés of the Germany Embassy at Washington, and in September and December the recall of these officials was demanded by the American Government.

The American complaint of the German attacks on shipping had its origin in February 1915 when the German Government intimated that the waters surrounding the British Isles would be treated as a war zone within which enemy merchantmen would be destroyed and that neutral ships might not always be immune from danger. The United States Government protested against this order and announced that it would hold the German Government responsible for any loss of American life or property which might result from its policy. Almost at

¹ *Dip. Corr.*, Vol. 9, p. 151.

² *Ibid.*, p. 152.

once, two American oil-tankers were torpedoed with some loss of life, and in May 1915 the sinking of the *Lusitania* caused the loss of some 114 American lives. The German defence of this latter incident proceeded from the plea that the *Lusitania* was armed, that she carried munitions of war as part of her cargo, and that she had been used on an earlier occasion for the transport of Canadian troops.¹ The American Government rejected this defence and called upon the German Government to disavow the act and to make such reparation as was possible.

The controversy at this stage involved two types of case: the one concerned the destruction or damage of American ships whether or not that involved the loss of American lives, while the other concerned the destruction of enemy merchantmen and the consequent loss of neutral life and property. With regard to the first of these, the German Government in May 1915 undertook to recognise its responsibility and to afford damages. With regard to the second, the extent of the German undertaking was that "liners will not be sunk by our submarines without warning and without safety of the lives of non-combatants, provided that the liners do not try to escape or offer resistance."² But even this assurance carried little weight. In August 1915, the White Star liner *Arabic* was torpedoed without warning and with the loss of two American lives. On this occasion, the German ambassador at Washington, without waiting for further details, informed the American Government that

¹ In its reply of June 9, 1915, the American Government dealt with this point in the following terms: "of the facts alleged . . . if true, the Government of the United States would have been bound to take official cognizance in performing its recognised duty as a neutral power and in enforcing its national laws. It was its duty to see to it that the *Lusitania* was not armed for offensive action, that she was not serving as a transport, that she did not carry a cargo prohibited by the statutes of the United States, and that, if in fact she was a naval vessel of Great Britain, she should not receive clearance as a merchantman; and it performed that duty and enforced its statutes with scrupulous vigilance through its regularly constituted officials. It is able, therefore, to assure the Imperial German Government that it has been misinformed." *Ibid.*, p. 139.

² *Ibid.*, Vol. 10, p. 166.

"in case Americans should actually have lost their life this would naturally be contrary to the intention of the German Government, who would deeply regret this fact."¹ In March 1916, however, when the *Sussex* was torpedoed without warning in the English Channel, further loss of American lives occurred and the United States Government decided on more vigorous action. It pointed out that the sinking of merchantmen without warning had occurred with a frequency which could not be explained by accident or error and that the policy was wanton and unjustifiable. Finally it announced that "unless the Imperial Government should now immediately declare and effect an abandonment of its present methods of submarine warfare against passenger and freight-carrying vessels, the Government of the United States can have no choice but to sever diplomatic relations with the German Empire altogether."²

This emphatic protest and threat induced the German Government to a new declaration in May 1916 that it would be prepared "to do its utmost to confine the operations of war for the rest of its duration to the fighting forces of the belligerents, thereby also insuring the freedom of the seas," while its naval forces were informed that "in accordance with the general principles of visit and search and destruction of merchant vessels recognised by international law, such vessels, both within and without the area declared as naval war zone, shall not be sunk without warning and without saving human lives, unless these ships attempt to escape or offer resistance."³ For some little time, the new instructions appeared to have some effect. In April 1916, thirteen British ships had been sunk without warning; in May only one ship was sunk in this way, in June two ships, in July two ships, in August one ship, but in the last four months of the year the figures rose to nine, thirteen, fourteen, and sixteen.⁴ By the beginning of 1917 unrestricted submarine warfare was resumed. On January 31, the German ambassador

¹ *Dip. Corr.*, Vol. 10, p. 166.

² *Ibid.*, p. 190.

³ *Ibid.*, p. 198.

⁴ British White Paper on *Merchant Shipping Losses*, 1919, No. 199.

at Washington informed the United States Government of a new war zone which had been proclaimed round Great Britain and France and intimated that all ships, whether belonging to belligerents or to neutrals, found inside that zone would be destroyed. On February 3, the German ambassador was given his passports and in April 1917 a state of war was declared to exist between the two countries.

This abandonment of American neutrality was of vital significance for the future conduct of the War both in the military and in the economic spheres. It reinforced the military and naval strengths of the Allied forces, but it also provided new economic assistance to the Allies and added to the economic pressure on the Central Powers. In these respects, the action of the United States was decisive. To what extent general policy was modified by the American decision is less certain. Violations of neutrality may have inflamed the popular passions, but the declared war aims of the United States made no special mention of the rights of neutral states. In his address to Congress on January 8, 1918, President Wilson enumerated his famous Fourteen Points which incorporated war aims not substantially different from those which had already been expressed by the Allied Governments. Only one of these Points had a direct bearing upon neutral rights in time of war. Point 2 referred to Absolute freedom of navigation upon the seas, outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

This Clause, however, was not accepted by the Allied Governments without reserve. The freedom of the seas was capable of various interpretations, some of which were not acceptable to the Allied states, and these reserved their complete freedom on the subject when they entered into peace negotiations. In the American note to Germany on November 5, 1918, this clear reservation was specified with the comment that it was accepted by the head of the American Government.

CHAPTER IV

ECONOMIC WARFARE, 1914-18

APART from the traditional use of the methods of blockade and contraband, the efforts of the belligerents to cripple their opponents by curtailing their economic resources were reinforced by other practices, some of which were novel. On the German side, the principal mode of attack was directed against the mercantile marines of the Allied countries and in particular against that of Great Britain, with the object of isolating the British Isles from commercial intercourse with other countries. On the British side, new devices were evolved with the object of preventing supplies from reaching enemy destinations through adjacent neutral territory. To some extent, these new methods were possible because of the dependence of much of the world's ocean-going commerce on British shipping, and because of the dependence of much neutral shipping on British coal. As the conflict developed, certain of the European neutral countries found themselves rationed in the supplies of imported goods which they were permitted to receive, and in their own interests as well as those of the Allied countries arrangements had to be made to ensure that leakages of supplies to the enemy were substantially prevented. These arrangements had the double object of increasing the effectiveness of the Allied blockade and of minimising the inconvenience to which the trade of the neutral countries might be exposed. The use of "navicerts" which covered the examination of consignments prior to their shipment from some foreign country served to expedite the machinery of the Allied contraband control and thus facilitated the shipment of goods which were for domestic consumption in the neutral country to

which they were consigned. Similarly, both objects could be promoted by the creation in neutral countries of associations of traders which would guarantee that foreign consignments of goods received by their members would not be forwarded to an enemy destination either directly or indirectly by being embodied in manufactured goods of another description. Thus the Netherlands Overseas Trust was established in December 1914 with the approval of the British Government and with the knowledge, if not the encouragement, of the Government of the Netherlands. This Trust Company did not engage in trade on its own account, but it provided guarantees which satisfied the requirements of the Allied blockade, and it came to deal with an increasing proportion of the import trade of the country. In Denmark, similar functions were performed by the Merchants Guild and the Chamber of Manufacturers. In Sweden, a number of importers' associations were later permitted to provide guarantees in respect of imports obtained under licence, and similar arrangements were made in Norway. But the effectiveness of these measures depended upon the nature and strength of the economic pressure which belligerents could exercise over neutral states, and all neutral states were not equally susceptible to such pressure. If a neutral state possessed supplies of some article which was in strong demand by the belligerents, it might possess a strong bargaining instrument which the belligerents could not ignore. The slowness with which the British Government included cotton in the list of contraband was due to a consideration of this kind. And if a neutral state happened to be exposed to strong economic pressure from both groups of belligerents, its readiness to come to a specific and accommodating arrangement with one of the contending parties might depend largely upon the progress of the war.¹

¹ Parmelee: *Blockade and Sea Power*, pp. 151-2, cites the following passage from a letter to illustrate the circumstances in which the Netherlands Trust Company had to operate: "In the spring of 1917 the power of the N.O.T. had become so strong that England was able to dictate to the whole of Holland through it. This power extended to the control of exports in all directions and

It will be convenient to consider the effects of the methods of economic warfare during this period on Great Britain, on Germany, and on the neutral states which were most affected. Some general consideration, however, must first be given to the magnitude of the shipping losses which were sustained throughout the period. From the beginning of August 1914 to the end of October 1918, the world's shipping losses from the combined effect of enemy action and marine risks amounted to 15,053,786 gross tons,¹ or about one-third of the registered pre-war tonnage. Of this total, British losses accounted for 9,031,828 tons. Over the same period, new construction—outside of enemy countries—amounted to 10,849,527 tons² or approximately two-thirds of the total loss. Enemy tonnage captured and brought into service provided the United Kingdom with

to all shipping. It must not be forgotten, however, that the power of the N.O.T. rested primarily on their control of imports after the arrival of these imports in Holland. The N.O.T. was the organisation which made it possible for Holland's industries to continue in existence in spite of the blockade. With the declaration of the general embargo against Holland, however, this power commenced to wane, and it has been waning gradually for over nine months. The real turning-point came, however, when last September the Germans forced Holland to her knees by threatening to send no more coal. It then became Germany's turn to have a hand in this control. Since that time Germany has been able to extract from Holland more and more concessions in the way of credits, exports of foodstuffs, transit through Limburg, etc., and the Allies were unable to prevent these developments through the N.O.T. as an agency of control. It cannot therefore now be stated that the Trust is the dictator in the sense which that term formerly implied. It is indeed still an object of jealousy from the part of the Foreign Office. A recent incident proves this statement: The President of the N.O.T. proposed to the Allied Ministers at The Hague that the Allies should enter into a *modus vivendi* for the supplying of rations to Holland. When this fact became known to the Cabinet, it was emphatically stated that the Government would never again allow the Trust to assume Governmental functions in the way it had formerly done; indeed, I understand that the President of the Trust was firmly told to keep his 'hands off.' The power of the Trust rises and falls with the progress of fighting on the Western Front; it will certainly have a rising tendency when the Allies commence sending merchandise and raw materials here in large quantities, for the industrial welfare of the country will depend upon imports which the Allies supply and the N.O.T. will be the intermediary in giving the Allies assurance that these supplies will be properly used."

¹ Cd. 9221, 1918.

² Of this total the United Kingdom provided 4,342,296 tons and other countries 6,507,231 tons.

716,520 tons and the Allies (other than Russia) with 1,676,155 tons. The total loss through enemy action alone amounted to 12,850,814 gross tons, of which 7,831,000 tons belonged to the British Empire and no less than 2,320,000 tons to neutral countries.¹ These losses through enemy action may be shown in further detail as follows:

SHIPPING LOSSES, 1914-18		
	Ships.	Tonnage.
British Empire:		
Merchant ships	2,479	7,759,000
Fishing vessels	675	71,765
France	697	899,358
Italy	621	846,388
U.S.A.	134	341,394
Other Allies	372	612,781
Neutrals	1,626	2,320,038
Total		12,850,814

With losses of such magnitude it was inevitable that the shipping space available for commercial purposes would be greatly reduced and there was the additional influence of the withdrawal of ships by the Allied forces for use as naval auxiliaries, as transports, and as hospital ships. Furthermore, the priority given to cargoes of war supplies reduced still further the space available for commercial purposes. For new construction there was almost complete dependence on Great Britain and the United States, but even the combined resources of these two countries were unable to make good the entire losses of the period. In Great Britain, new construction during the war years remained below the pre-war levels, and for the war period amounted only to 4,342,296 tons. The shipbuilding industry of the United States, on the other

¹ Norway, with a loss of 829 ships of 1,239,283 tons, was the greatest neutral sufferer. This loss represented about 48 per cent. of Norway's pre-war tonnage, inclusive of sailing ships. For the British Empire, the corresponding proportion was 37 per cent., for France 39 per cent., and for Italy 50 per cent. By comparison, the Central Powers lost by capture 2,392,675 tons out of a registered tonnage of 6,515,015 tons.

hand, experienced a rapid and new development.¹ Between June 1914 and June 1919 new construction in that country amounted to 4,948,000 tons. In these circumstances, some considerable restriction of neutral trade was inevitable apart from acts of deliberate policy on the part of the belligerent states.

As might be expected, the bulk of the shipping losses was concentrated on the British mercantile marine. Apart from the loss of fishing vessels, the losses incurred by British merchant ships amounted to 7,759,000 gross tons or 37 per cent. of the pre-war registered tonnage. When comparison is made with the estimated loss of 40 per cent. for the period 1803-14, it will be seen that the rate of loss in the period of the Great War was roughly twice as great as the rate of loss experienced during the earlier period. Of the total loss incurred during the period 1914-18, almost one-half was experienced in the year 1917, when the German submarine campaign reached its peak. The position as it developed may be indicated as follows :²

WAR LOSSES OF BRITISH MERCHANT SHIPPING
(In 1,000 gross tons)

	1914.	1915	1916.	1917	1918.
1st quarter	—	139	237	820	606
2nd quarter	—	189	243	1,315	571
3rd quarter	128	303	230	891	448
4th quarter	114	222	527	703	69

The bulk of these losses resulted from submarine activity and losses through mines were small in comparison. Out of the total loss incurred, 6,635,000 tons were lost through submarines, 673,000 tons by mines, 443,000

¹ Between the middle of 1914 and the middle of 1919 the tonnage of American steamships engaged in foreign trade increased from 721,000 gross tons to 5,992,000 gross tons *U.S. Statistical Abstract*, 1921, p. 410.

² Based on White Paper No. 199, 1919.

tons by enemy surface vessels, and 8,000 tons by aircraft. Other factors also affected the reduction in carrying capacity, including marine risks which tend to be heavier than under peace conditions, and internment. As a partial offset to these losses there may be prizes of war and transferences from foreign flags. For the British ocean-going fleet, consisting of steamers of 1,600 tons gross and upwards, the several losses and gains were as follows:¹

	Tons gross.
War losses	7,379,986
Interned in enemy ports or captured . . .	153,067
Marine losses	917,997
Transferred to foreign flags	998,463
Locked in Baltic	2,462
Launched	4,170,601
Transferred from foreign flags	1,354,526
Prizes	611,778
Alterations to gross tonnage (net gain) . .	204,920

To some extent, the severity of the attack on British shipping is not completely expressed in terms of total tonnage lost. Since the object of the attack was to dislocate the overseas trade of the country, the losses must be compared with the shipping which continued to arrive at British ports. This, in itself, was a diminishing quantity. In 1914, the net tonnage of British ships entering the ports of the United Kingdom was 40.1 millions; in 1917, the corresponding total was 22.8 million tons. In terms of net tonnage, the ratio of losses to tonnage entering British ports rose from 0.80 per cent. in 1915 to 9.43 per cent. in 1917, and fell to 3.89 per cent. in 1918. In 1915, for every 1,000 tons net of British shipping lost, 134,000 tons net entered the ports of the country; for 1916, the corresponding figure was 26,000 tons; for 1917 only 11,000 tons; and in 1918, 26,000 tons.

Such a rate of loss could not have been sustained for long, more especially when the total tonnage available for

¹ Fayle: *The War and the Shipping Industry*, p. 418.

the carrying trade of the country was itself contracted. At the end of 1913, the British mercantile marine, apart from sailing vessels, amounted to 18.7 million tons gross, of which 17.0 millions represented the ocean-going fleet. By 1916, through losses and requisitions, only some 7.5 million tons were available for commercial work,¹ a figure which, it will be observed, was practically equal to the gross tonnage lost through enemy action in the course of the war. This meant a drastic reduction in the quantity of imports which could be brought into the country, though by a more economical use of shipping space the decline in the quantity of imports was less than in proportion to the decline in tonnage available for commercial purposes.² The changes in the quantities of the principal imports were as follows³:

QUANTITIES OF IMPORTS INTO GREAT BRITAIN
(In million tons.)

	All Imports.	Wheat and Flour.	Meat.	Sugar.	Iron Ore.	Other Ores.	Oil.	Other Imports.
1913 .	55.00	5.90	1.15	1.95	7.45	1.80	1.80	34.90
1916 .	46.00	5.50	1.15	1.55	6.95	2.20	3.70	24.95
1917 .	38.00	5.30	1.00	1.40	6.20	1.65	4.10	18.35
1918 .	35.00	4.10	1.20	1.35	6.60	1.65	5.20	14.90

Priority of treatment was obviously required for food-stuffs and for articles of direct importance for the prosecution of the war, though with the exception of oil these essential imports were not maintained at their pre-war levels. The quantity of "other" imports, however, was reduced by more than one-half between 1913 and 1918.

¹ Elderton *Shipping Problems, 1916-21.*

² The total of effective shipping space was also reduced in consequence of the convoy system which reduced the speed of the faster ships to that of the slowest member of the convoy. On the other hand, the withdrawal of ships from distant voyages in favour of shorter voyages which could be repeated more frequently worked in the opposite direction.

³ Elderton. *op. cit.*

Included in these "other" imports were the important items of cotton and wool. Imports of cotton, after a rise from 21.7 million centals (of 100 lb.) in 1913 to 26.5 millions in 1915 dropped to 14.9 millions in 1918; and imports of wool, after rising from 8.1 million centals in 1913 to 9.3 millions in 1915 fell to 4.2 millions in 1918. The following table¹ shows the quantities of a variety of other articles imported during the war years:

(In thousand tons.)

	1913.	1914.	1915.	1916.	1917.	1918.
Oil-seed cake	407	356	426	284	213	11
Butter	207	199	193	109	90	79
Margarine	75	76	102	138	90	15
Cheese	115	122	136	130	147	118
Lard	100	88	111	97	75	138
Apples	163	146	167	133	45	20
Tea	169	166	192	170	108	207
Tobacco (unmanufactured)	72	70	90	73	21	77

In the matter of foodstuffs, the net effect of reduced imports depended upon the quantity of home production. In the case of the United Kingdom, in striking contrast to that of Germany, home production was maintained and in some instances increased. For wheat, barley, oats, and potatoes the estimated home productions, in million tons, were as follows:²

	1913.	1914.	1915.	1916.	1917.	1918.
Wheat	1.57	1.74	2.05	1.64	1.76	2.58
Barley	1.58	1.54	1.12	1.25	1.36	1.48
Oats	2.93	2.94	3.15	2.99	3.63	4.41
Potatoes	7.60	7.48	7.54	5.47	8.60	9.23

¹ Based on data in *Statistical Abstract for the United Kingdom, 1926*, Cmd. 2620.

² *Statistical Abstract for the United Kingdom, 1926*, Cmd. 2620.

In the case of wheat and wheat meal and flour, the total supplies available from all sources showed little contraction during the war years, as indicated below:

(In million tons.)

	Wheat.			Imports of Wheat Meal and Flour.	Total.
	Retained Imports.	Home Production.	Total.		
1913 . .	5.2	1.6	6.8	0.6	7.4
1914 . .	5.1	1.7	6.8	0.5	7.3
1915 . .	4.4	2.0	6.4	0.5	6.9
1916 . .	5.0	1.6	6.6	0.5	7.1
1917 .	4.5	1.8	6.3	0.7	7.0
1918 .	2.9	2.6	5.5	1.3	6.8

Despite this general result, the danger of acute shortage was real, for the demand for the basic foodstuffs was increasing, partly on account of the requirements of the forces and partly on account of the shortage of alternative foods, and in 1917 when the submarine campaign reached its peak, home stocks of wheat fell to dangerous levels. The closing of the Russian market meant that imported wheat supplies were obtained to an increasing extent from the transatlantic countries and from the United States in particular, and though the American crop in 1915 reached record figures, the crops in 1916 and 1917 were much below normal.¹

In some cases, the problem of supply was largely determined by the difficulty of tapping the normal sources, partly through the shortage of shipping space and partly through the dangerous nature of the voyage. Thus as regards butter, supplies from Russia and Denmark were largely eliminated, and though it was possible to increase the supplies obtainable from Empire sources it was not possible to maintain stocks at their normal

¹ The average wheat crop for 1911-13 was 705 million bushels; in 1915 it reached 1,012 millions; but fell to 640 millions and 660 millions in 1916 and 1917. J. Russell Smith: *The Influence of the Great War upon Shipping*, p. 84.

levels. Similarly, in the case of sugar, imports of refined sugar which before the War had been obtained principally from Holland, Java, the United States and Mauritius suffered the greatest contraction while imports of unrefined sugar from Cuba were substantially increased, though again not in proportion to the decline in the supplies of the refined product.¹

The changes in the direction of the overseas trade of the country may be indicated by the two following tables ²:

TOTAL EXPORTS OF THE UNITED KINGDOM

(In £ millions.)

	Scandinavia	Holland.	U.S.A.	British Possessions.	All Countries.
1913 . . .	22.2	20.5	59.5	208.9	634.8
1914 . . .	23.4	20.7	64.6	183.9	526.2
1915 . . .	31.4	30.5	56.5	160.8	483.9
1916 . . .	35.4	33.0	64.5	200.7	603.8
1917 . . .	20.3	24.8	60.1	180.2	596.8
1918 . . .	11.9	15.4	26.8	183.5	532.4

TOTAL IMPORTS FROM THE UNITED KINGDOM

(In £ millions.)

	Scandinavia.	Holland.	U.S.A.	British Possessions.	All Countries.
1913 . . .	45.5	23.6	141.7	191.5	768.7
1914 . . .	47.2	24.3	138.6	187.8	696.6
1915 . . .	56.0	23.4	237.8	271.8	851.9
1916 . . .	73.2	22.1	291.8	302.7	948.5
1917 . . .	51.0	19.9	376.3	359.0	1,064.2
1918 . . .	50.6	7.7	515.4	423.0	1,316.2

No very conspicuous change occurred in the geographical distribution of the export trade. It is not

¹ Imports of refined sugar fell from 18.4 million cwt. in 1913 to 0.4 million in 1918. In the same period, imports of unrefined sugar from Cuba increased from 4.5 million cwt. to 16.5 million.

² *Statistical Abstract of the United Kingdom, 1926.*

possible to attempt any precise correction of these monetary values to take account of the rise in prices which occurred over the six years, but the broad conclusion is clear that a very considerable contraction in the volume of British exports took place. In certain directions, the quantitative decline can be indicated. Thus coal exports which in 1913 amounted to 73.4 million tons declined to 31.8 million tons in 1918. Before the War, Germany alone had absorbed some 9.0 million tons of British coal and that market was now closed. The three Scandinavian countries had taken 9.9 million tons and Holland and Belgium had taken another 4.0 million tons. But these countries were adjacent to Germany and even if shipping space had been available the Allied blockade could not have permitted increased coal exports to these countries unless there could be provided the complete assurance that the additional exports would merely have replaced coal supplies formerly obtained from Germany. At first, coal exports to the Scandinavian countries were well maintained, but in 1916 and 1917 they were drastically curtailed, and in the latter year only amounted to 2.5 million tons, or one-quarter of their pre-war quantity. In that year also, coal exports to Holland and Belgium amounted only to 400,000 tons or one-tenth of their pre-war quantity. The only case of increased exports were those to France where they helped to replace the loss in domestic production in that country consequent upon the German invasion. Coal production in France fell from 40 million metric tons in 1913 to 19 million tons in 1915, and recovered only to 28 million tons in 1917. The increase in British coal exports to France from 12.8 million tons in 1913 to 17.5 million tons in 1917 went only a short way towards meeting that deficiency. There was also a marked decrease in the shipment of bunker coal for ships engaged in foreign trade,¹ partly because of the decline in ocean-going tonnage and partly also because of the use of

¹ Shipments of bunker coal declined from 21.0 million tons in 1913 to 8.8 million tons in 1918.

bunker coal as a bargaining weapon with neutral states. Thus in 1916 bunker facilities were denied to neutral ships unless their owners contracted not to use their ships for the service of the nationals of enemy countries.

The cotton industry which ranked as the largest exporting industry of the country also experienced a greatly diminished overseas trade. Exports of cotton yarns fell from 210 million lb. in 1913 to 102 million lb. in 1918, and exports of piece goods fell in the same period from 7,151 million yards to 3,771 million yards. Thus coal and cotton which before the war had provided £175 million of British exports fell by about one-half in quantity over the period of hostilities.

Other instances of importance may be summarised as follows:

(In millions.)

	1913.		1918.	
	Quantity.	Value.	Quantity.	Value.
Fish (cwt.)	11.00	£7.50	0.38	£0.98
Iron and steel (tons)	5.00	55.30	1.50	37.10
Raw wool (centals)	0.60	4.00	0.10	1.70
Wool tops (centals)	0.44	3.70	0.15	3.20
Woollen yarns (lb.)	80.30	8.00	13.2	6.40
Woollen and worsted tissues (yards)	168.40	20.60	98.50	30.50
Linen piece goods (yards) . .	193.70	6.00	70.20	6.40
Jute piece goods (yards) . . .	173.50	3.10	32.00	1.10

In the case of imports, some indication of the quantitative changes in that trade have already been given. The total import trade was diminished and its composition was altered. The geographical distribution of the import trade was affected by the same factors which affected its composition. Thus the various parts of the British Empire and the United States which in 1913 had provided 43 per cent. of the total of British

imports provided fully 70 per cent. of the imports of 1918.

In general, the conduct of economic warfare as it affected Great Britain was concentrated on her merchant shipping and the effects of that warfare on the economy of the country were the repercussions of her shipping losses. But for the severity of these losses, the question of supplies would not have presented any problem of particular gravity. In many overseas countries, exportable stocks accumulated at the ports for shipment, and storage facilities were severely taxed. The accumulation of these stocks was tangible evidence that the problem was one of ocean transport, and that problem in turn was the creation of the submarine, the effectiveness of which had hitherto not been understood.¹ In the last resort, the escape from final defeat was secured on the one hand by the magnitude of the mercantile marine against which the attack was directed, and on the other by the power of the navy to combat the submarine menace by employing more effective modes of defence and by counter-attack on the submarines themselves.² But in a very real sense it was a race against time.

In the case of Germany, the position was different. Her mercantile marine, consisting of 2,090 vessels of 5,134,000 gross tons, was driven from the seas with the exception of the Baltic. Half of her shipping was interned in neutral ports and much of what remained lay idle in German harbours. The increasing effectiveness of the Allied blockade imposed a progressive restriction on her ability to obtain supplies of important commodities

¹ Richmond: *Sea Power in the Modern World*, 1934, p. 3. "Though she (i.e. the submarine) had been invented over twenty years earlier and Lord Brassey had expressed the belief that she might some day prove a 'terrible adversary to the ironclad,' Mahan did not attempt to forecast a greater future for her than that she would prove a serious factor in the blockade, by placing a greater strain upon a blockading fleet and compelling large ships to keep at a greater distance from a port. That she should possess so extended a range of action, and be capable of being employed against merchant ships in such a manner as gravely to threaten the existence of the greatest Sea Power, allied as that Power was with other great maritime nations, was beyond the vision of even this great thinker."

² The convoy system was not introduced till May, 1917.

from foreign sources. The possibility of evading the more serious consequences of the Allied blockade by arranging for the passage of consignments through adjacent neutral territory depended for its success on the looseness of the Allied supervision and control of neutral trade and upon the efficiency of the machinery of the contraband control. In effect, it was a struggle between the ingenuity of the forces of evasion on the one hand and the tightness of the Allied controls on the other, but as the war developed the possibility of obtaining supplies through neutral channels was progressively closed. Two other possibilities remained. By her conquest of Luxembourg, Belgium, Poland, Roumania, and parts of France and Russia she could tap certain alternative sources of supply for particular commodities.¹ And by increased domestic production, part of her former dependence on imported supplies might in certain cases be reduced. But at the best, these alternatives could go only a short way to make good the loss sustained through the interception of normal supplies while there were numerous commodities which could not be obtained by either of these methods. Subsequent evidence suggests the view that the looseness of the machinery of the Allied blockade during the early stages of the war did much to prolong the powers of resistance of the German economy. When, later, that machinery was made more effective, its results could not be fully offset by the spoils derived from conquered territory.

The position of Germany as regards her dependence on imported foodstuffs was in striking contrast to that of Great Britain. In the latter country, about 80 per cent. of the grain and about 45 per cent. of the meat consumed in the country were imported. In the former, despite the existence of inferior natural conditions in the soil, home production provided a larger proportion of the domestic consumption. Rather less than 10 per

¹ The food shortage became acute in the winter of 1916-17. In June 1917 there was some improvement on account of wheat supplies which were obtained from Roumania.

cent. of the human food consumption of the German population was obtained in the form of imports.¹ During the war years, however, the most striking fact was the continuous decline in the volume of the home-produced crops. The production of wheat, rye, oats, and potatoes was as follows²:

(In million metric tons.)

	1913.	1914.	1915.	1916.	1917.	1918.
Wheat	4.4	3.8	3.7	3.0	2.2	2.5
Rye	12.1	10.3	9.1	8.9	7.0	8.0
Oats	9.5	8.8	5.9	6.9	3.6	4.7
Potatoes	52.9	44.7	52.9	24.7	34.4	29.5

In these cases, the decline in home production exceeded the loss of supplies from abroad in consequence of the Allied blockade. Before the War, the net import of the most important cereals amounted to 5,537,941 metric tons; by 1917, it had fallen to 17,669 tons.³ To some extent, this decline in home production was due to errors of judgment in the formulation of domestic policy.⁴

¹ *Report on Food Conditions in Germany*, Cmd. 280, 1919.

² Parmelee: *op. cit.*, p. 212. Comparison with France is significant. The decline in agricultural production in that country, where the main causes were labour shortage and diminished acreage was as follows (in million tons):

	Average 1904-13.	Average* 1914-18.
Wheat	8.70	5.74
Rye	1.29	0.82
Barley	0.96	0.77
Oats	4.78	3.50
Potatoes	12.22	9.47

Augé-Laribe: *Agriculture and Food Supply in France during the War*, 1927, p. 36.

³ Parmelee: *op. cit.*, p. 204. In 1913, the net imports of wheat amounted to just over 2 million metric tons, of barley to 3.2 million tons, and of maize to 0.9 million tons. On the other hand, there was a net export of rye of 0.6 million tons. *Statistisches Jahrbuch für das Deutsche Reich*, 1922, p. 219.

⁴ Apart from the effects on the volume of domestic production, the internal administration intensified the hardship for the civilian population by permitting the armed forces to carry excessive stocks—a defect which German administration shared with the British—and by failing to provide adequately for the efficient distribution of supplies earmarked for the civilian population.

There was the excessive withdrawal of labour from the land and there was the neglect of the requirements of agriculture in the allocation of supplies of home-produced ammonia and nitrates. But it was also due to the restricted importation of chemical manures and fertilisers, such as phosphates and saltpetre.¹

As regards meat and animal fats, about one-quarter of the pre-war annual consumption had been imported, including under that head pork, which was produced in Germany from imported fodder.² These supplies were greatly reduced. In the case of fish, out of an estimated pre-war consumption of 575,000 metric tons, 360,000 tons had been imported, and by 1917 fish imports were reduced to 161,000 tons.³ For imported foodstuffs in general, Germany was dependent on her neutral neighbours, but these countries could provide little in the way of cereal crops. For meat supplies and for dairy produce they could afford considerable assistance except in so far as their domestic production of these agricultural products depended on imported feeding stuffs which might be restricted. This assistance was in fact obtained. In 1913, the three Scandinavian countries had exported 252,128 metric tons of foodstuffs to Germany and Austria. By 1916 this quantity had increased to 620,756 tons and even in 1917 when there was a drastic curtailment it amounted to 315,205 tons, which exceeded the pre-war amount. By way of contrast with these movements, the export of foodstuffs from the same countries to Great Britain declined from 344,785 metric tons in 1913 to 172,103 tons in 1917.⁴ But important as these Scandinavian foodstuffs might be for the German economy, they could not eliminate the danger of shortage through

¹ Some discussion of the position may be found in Aereboe. *Der Einfluss des Krieges auf die Landwirtschaftliche Production in Deutschland*, p. 41.

² Before the War, the consumption of fodder for animal feeding amounted to 158 million tons, of which only some 5.9 million tons were imported. "This import, small though it was, was of great importance, owing to the fact that it contained 1,490,000 tons of bran and cake and seeds equivalent to 1,455,000 tons of oilcake—no oil cake being then produced in Germany." *Report on Food Conditions in Germany*, Cmd. 280, 1919.

³ Parmelee: *op. cit.*, p. 207.

⁴ Consett: *op. cit.*, p. 298.

the cessation of supplies from more distant sources and through the decline in home production. Moreover, to a large extent, the ability of the Scandinavian countries to maintain or enlarge their supplies for the German market was conditional upon Allied policy since these countries were not self-sufficient in the supply of agricultural feeding-stuffs and fertilisers. During the early stages of the war, the Allied power to influence these neutral countries was not effectively employed, but in 1916 a system of rationing was introduced for a number of important commodities. Even then, however, there were certain noticeable exceptions. Before the war, Great Britain had absorbed 60 per cent. of the agricultural exports of Denmark, as compared with 25 per cent. taken by Germany.¹ In order to induce Denmark to maintain at least a similar division of her agricultural exports, the import of fodder and fertilisers into Denmark was unrestricted up to 1917, and a similar exception was made in the case of Holland. These British expectations were not fulfilled. Exports of foodstuffs from these countries to Great Britain were successfully obstructed by enemy action. On the other hand, the unrestricted importation of feeding stuffs enabled these countries to maintain their deliveries to the German market. In 1917, that importation of feeding stuffs was brought under Allied supervision,² and supplies for Germany were subsequently curtailed, though the immediate effect was to alter the character of the consignments to the German market. Thus the shortage of feeding stuffs had some effect in increasing the exports of live stock to Germany during the second half of 1917.

¹ Consett: *op. cit.*, p. 76.

² Holland's net imports of fodder before the war amounted to 786,594 metric tons, and those of Denmark to 918,447 tons. The quantities imported during the period 1915-18 were as follows:

			Holland.	Denmark.
1915	.	.	1,593,511	1,345,220
1916	.	.	950,133	965,399
1917	.	.	349,233	381,703
1918	.	.	4,049	42

Parmelee: *op. cit.*, pp. 195, 199.

The effect of the blockade in restricting German food imports is shown in the following table¹:

NET IMPORTS INTO GERMANY
(In tons.)

	1916.	1917.	1918 (11 months).
Bread grain	233,317	31,140	37,673
Live cattle (numbers) . . .	355,658	235,437	130,220
Butter and animal fat ¹ . . .	93,835	40,732	14,691
Vegetable oil and fat . . .	9,212	1,574	242
Margarine	6,301	1,178	13
Cheese	78,389	37,999	13,480
Fresh fish	207,275	62,129	20,467
Salted and dried fish . . .	191,699	70,298	51,028
Preserved fish	21,605	10,230	11,513

For the iron and steel industry, Germany depended to a considerable extent upon imports of ore from Sweden, Spain, and France. Her own pre-war production of iron ore amounted to 35.0 million metric tons; in addition, there were imports of ore amounting to 14.0 million tons, of which 4.9 million tons came from Sweden, 3.8 million from France, and 3.6 million tons from Spain. As against that total import there was an export of 2.6 million tons—mainly to Belgium and France—so that the net import amounted to 11.4 million tons.² Thus, of a total consumption of 47.3 million tons, imports provided 24 per cent.³ During the war period, supplies of French ore were no longer available and supplies from Spain were interceptible. On the other hand, the German control of the Baltic made it difficult for the Allied forces to interfere directly with supplies of Swedish ore for the German market.⁴ Moreover, the German market was the main source of demand for Swedish ore.

¹ Skalweit: *Die Deutsche Kriegsernährungswirtschaft*, 1927, pp. 235 ff.

² *Statistisches Jahrbuch für das Deutsche Reich*, 1922.

³ For Great Britain, the corresponding ratio was 90 per cent.

⁴ Normally, shipments went *via* Narvik in Norway to Antwerp and Rotterdam for transshipment to Germany, but there were alternative routes which involved less risk of Allied interference.

In 1913, Sweden's iron ore output amounted to 7.5 million metric tons, of which 6.3 million tons were exported and of that export Germany absorbed 4.9 million tons. Under these conditions, and apart from other factors, it was not to be expected that Sweden would allow so important a part of her trade to be lost without offering strong resistance. The British power of influence was derived partly from the fact that the British market took rather more of Sweden's total exports than did the German market,¹ and partly from the fact that Sweden depended upon imported supplies of various commodities which might be restricted by the Allied forces. On the other hand, geographical situation as well as political sentiment rendered Sweden more susceptible to German pressure. In the early stages of the war, the Swedish Government had resented the British interference with what it regarded as its legitimate rights as a neutral, and had sought to prevent its nationals from providing the Allied contraband control with guarantees that consignments imported into the country would not be re-exported to Germany.² Among other things, the Swedish Government took exception to the interpretation of the doctrine of continuous voyage which applied the doctrine to goods which reached the neutral country as raw materials and were then converted into some other form before being exported to an enemy destination.³

Towards the end of 1916, Allied pressure had some effect on the policy adopted by the Swedish authorities and some fifty articles which were normally imported into the country were made subject to export embargoes, while in 1917 a change of government brought about a greater willingness to enter into agreements with the Allied powers. Of the three Scandinavian countries, Sweden suffered

¹ In 1913, Sweden's exports to Great Britain amounted to 239 million kroner as against 179 millions to Germany.

² In April 1916, the Swedish Parliament adopted a law which modified the position in so far as the validity of guarantees given to foreign Powers was made conditional on their approval by the State Commerce Commission. Heckscher and others: *Sweden, Norway and Denmark in the World War*, p. 78.

³ Heckscher and others: *Ibid.*, p. 76.

most by the control of British coal exports, and though there was some compensation in greater coal imports from Germany up to 1916, these did not balance the loss of British supplies. Without these various forms of pressure supplies of Swedish ore to the German market would in fact have been larger. Nevertheless, supplies to the Central Powers were well maintained. For the period 1913-17 the position was as follows:

(In million metric tons.)

	Sweden's Exports of Iron Ore. ¹		Sweden's Production of Iron Ore. ²
	To Germany and Austria.	To the U.K.	
1913	4.98	0.67	7.48
1914	3.68	0.44	6.59
1915	5.12	0.50	6.88
1916	4.30	0.85	6.99
1917	4.86	—	6.22

The supplies of coal, pig-iron, zinc, lead, and copper available to Germany during the war years declined both through smaller domestic production and through the interception of supplies from other countries. The following comparison may be given for the years 1913 and 1917:³

(In million metric tons.)

	1913.			1917.		
	Production.	Import.	Export.	Production.	Import.	Export.
Coal	190.1	10.5	34.6	167.7	0.5	15.2
Lignite	87.2	7.0	0.06	95.5	3.9	0.02
Pig-iron	19.2	0.4	1.1	13.1	1.0	0.35
Zinc	0.280	0.058	0.110	0.186	0.040	0.021
Lead	0.188	0.084	0.041	0.086	0.027	0.011
Copper	0.049	0.231	0.009	0.074	0.012	0.003

¹ Consett. *op cit.*, p. 326.

² *Stat. Jahrb.*, 1922, Appendix, p. 42.

³ *Ibid.*, p. 318.

The treatment of cotton by the Allied contraband control appeared for some time to be anomalous, and up to March 1915 there was no interference with the passage of supplies to Germany. It has already been indicated that the reason for this hesitation was the reluctance of Great Britain to arouse further opposition from the United States during the early stages of the War. On the other hand, exports of raw cotton from Empire sources to Germany were allowed to expand at a rapid rate up to 1915 in the case of Norway and Sweden and up to 1917 in the case of Denmark. For the three Scandinavian countries, imports of raw cotton from Empire sources increased from 2,416 metric tons in 1913 to 20,375 tons in 1915. In the cases of Norway and Sweden, total raw cotton imports increased from 28,872 metric tons in 1913 to 134,322 tons in 1915, and there was good reason to suppose that most of this increased import was intended for enemy consumption. Thus Swedish exports of raw cotton to Germany and Austria increased from 236 metric tons in 1913 to 76,259 tons in 1915.¹

The course of Germany's foreign trade during the war years is shown in the following table:

(In million marks)					
				Imports.	Exports.
1913	.	.	.	11,600	10,900
1915	.	.	.	7,100	3,100
1916	.	.	.	8,400	3,800
1917	.	.	.	8,100	3,400
1918	.	.	.	5,900	3,000

What appears to be evident is that the interference with Germany's export trade consequent upon the Order in Council of March 11, 1915, was more directly effective than the interference with her import trade. Indirectly, the barriers to export would, of course, contribute to the curtailment of imports since the ability to import would depend upon the power to borrow abroad, the possibility of realising assets abroad, and upon the ability to export for cash.

¹ Consett: *op. cit.*, p. 320.

The effect of the Allied blockade on the food position in Germany became acutely evident after two years of war. Up to this time, the position had been relieved by supplies of wheat from Roumania, but when that country joined the Allies in August 1916, deliveries to Germany from that quarter were suspended. As it happened, this suspension was of a short duration. Within five months, the Roumanian resistance was broken down in time to relieve the serious food shortage which in the meantime had developed. The spoils of conquest were large. In addition to the 72,000 tons of textiles, leather, metals, chemical substances and raw materials taken from the country, the quantity of cereals taken in 1917 amounted to 1,422,585 metric tons.¹ At the same time, the collapse of Russia and the Treaty of Brest-Litovsk foreshadowed further relief.² A million tons of foodstuffs were exported from the Ukraine, together with large supplies of oil to take the place of those which had been expected from Roumania but which were not realised on account of the large-scale destruction of Roumanian oil-wells.³ But the gains of conquest fell short of expectations and the conditions of shortage, if partially relieved, were not removed. In 1918, the ration of cereals was only 64 per cent. of the pre-war consumption, the ration of meat only 18 per cent. and that of fats as low as 12 per cent.

The magnitude of the food shortage had its effect on the powers of resistance of the population. It has already been shown that the Allied blockade was only a contributory cause of this shortage. In Germany, however, the blockade has frequently been regarded as the sole cause of the distress of the civilian population. Thus it has been claimed that the Allied blockade was the cause of 762,796 civilian deaths as compared with 1,621,034

¹ Clark: *United Roumania*, p. 189

² Among other things the terms of the Treaty of Brest-Litovsk involved the loss by Russia of one-third of her agricultural land and about nine-tenths of her coal-mines.

³ Roumania's oil production fell from 1,885,000 metric tons in 1913 to 510,000 tons in 1917. *Stat. Jahr.*, 1922, Appendix, p. 41.

deaths in the German army during the war years.¹ This estimate of the number of civilian deaths attributable to the blockade is made by assuming that the number of deaths in 1913 would have remained constant throughout the period 1914-18 and calculating the excess of the actual deaths in these years over this assumed figure. This procedure is open to obvious objections. If the same method be applied to the case of Great Britain, it will be found that in the five years 1914-18 inclusive the actual number of deaths for the civilian population exceeded the 1913 total by 181,558. Apart from long period trends, modern warfare is likely to lead to a rise in the number of civilian deaths even where food shortage is not acute. This does not mean that the Allied blockade was not a significant factor in the decline in the standards of public health in the blockaded territory; but it was only one factor among others.

The following comparison may be cited of the death-rates among women in Germany and in England and Wales during the war years and also of the death-rates due to tuberculosis in the two countries:²

	Standardised Death-rates for Women per 1,000 Women.			Deaths from Tuberculosis per 1,000 Women.		
	Germany.	England and Wales.	Excess of German Rate.	Germany.	England and Wales.	Excess of German Rate.
1913 . . .	14.3	12.2	2.1	1.17	0.83	0.34
1914 . . .	15.2	12.4	2.8	1.17	0.86	0.31
1915 . . .	15.3	13.2	2.1	1.22	0.91	0.31
1916 . . .	15.2	11.7	3.5	1.37	0.92	0.45
1917 . . .	17.6	11.4	6.2	1.76	0.97	0.79
1918 . . .	21.6	14.6	7.0	2.01	1.06	0.95
1919 . . .	16.7	11.9	4.8	1.83	0.85	0.98

There is clear evidence here of a marked rise in the

¹ Parmelee: *op. cit.*, p. 222.

² The death-rate data are taken from Bumm: *Deutschlands Gesundheitsverhältnisse unter dem Einfluss des Weltkrieges*, Vol. I, 1928, p. 40.

German death-rates and in the English death-rate from tuberculosis among women, though not of the female death-rate from all causes. Moreover, while the German rates were above the corresponding rates for England and Wales, the disparity between the two countries became definitely wider in the course of the war years.

Of the other important countries which were directly affected by the practice of economic warfare, the United States suffered least both during its period of neutrality and during its period as a belligerent. The nature of the economic resources of the country was such that no acute hardship resulted from the restrictions which were imposed upon its foreign trade in certain directions, and there were compensating advantages which did not accrue to other countries. Among other things, the War provided the United States with an opportunity to construct a new mercantile marine of large dimensions. By the end of the War, the United States had become one of the greatest maritime countries of the world. Before the War, American steamships engaged in foreign trade amounted to 721,000 gross tons; in 1919 the ocean-going merchant navy of the country came near to 6,000,000 tons. The shipping losses through enemy action during the War period amounted to the comparatively small total of 341,000 tons. The counterpart to this growth of merchant shipping was the great increase in the export trade of the country, more particularly as regards supplies of war materials and of foodstuffs for the Allied countries. The imports of the country increased in monetary value from \$1,813 million in 1913 to \$2,946 million in 1918, though this apparent increase was due to the upward course of prices rather than to an increase in volume. The exports of the country, on the other hand, increased from \$2,466 million in 1913 to \$6,290 million in 1917 and \$5,920 million in 1918. In the early stages of the War there was a noticeable increase in American exports to the European neutrals and to Scandinavia in particular. From 1915 that upward movement was checked though exports to

Switzerland increased continuously throughout the war period. In the later stages of the War the main increase in American exports consisted of supplies for the use of the Allied countries. The main movements are summarised in the following table:¹

(In million dollars.)

	1913.	1914.	1915.	1916.	1917.	1918.
U.S. exports to:						
Scandinavia . .	41	93	204	170	115	63
Holland . . .	122	101	143	114	53	11
Switzerland . .	1	1	6	14	19	28
United Kingdom	591	600	1,198	1,887	2,009	2,061
France . . .	154	170	501	861	941	931
Italy	79	98	270	304	419	492
All countries . .	2,466	2,365	2,769	4,333	6,290	5,926

Thus whereas American exports to the United Kingdom, France and Italy in 1913 represented 33 per cent. of all American exports, in 1918 the corresponding proportion was almost 59 per cent.

The geographical distribution of American imports from the same countries was as follows:

(In million dollars.)

	1913.	1914.	1915.	1916.	1917.	1918.
U.S. imports from:						
Scandinavia . .	22	28	21	28	25	9
Holland . . .	38	38	29	44	23	9
Switzerland . .	24	22	20	22	20	17
United Kingdom	272	287	258	305	280	149
France	139	104	78	109	99	60
Italy	55	55	52	60	36	24

Imports from the United Kingdom, France, and Italy which represented 25 per cent. of all American imports in 1913 represented rather less than 10 per cent. of the total

¹ *U.S. Statistical Abstract*, 1921.

in 1918. Imports from the European neutral countries declined both absolutely and in relation to the total and American imports were drawn to an increasing extent from other than European countries.

The policy of the European neutral countries in the early stages of the War was governed on the one hand by the desire to preserve as far as possible their existing trade connections, and on the other to take advantage of the war situation to develop new forms of lucrative commerce.¹ Their geographical situation together with the character of their resources and the organisation of their industries appeared to place them in a favourable position to benefit from the requirements of the belligerents, and they regarded the existing code of international law as designed to protect the interests of those who were not engaged in hostilities. This optimistic view, however, did not survive the first few months of the war, and as the struggle developed on the economic side the restrictions on their trade became more pronounced. As a result, neutral policy had to fall back on the attempt to salvage as much as possible of their normal trade, and in the later stages it became necessary to sacrifice even that hope and to concentrate on the task of securing supplies for their domestic consumption. The prospects of gain diminished and the European neutrals were unable to escape from serious losses both directly and indirectly from the actions of both groups of belligerents. Their shipping losses from German mines and submarines were heavy, and in proportion to their pre-war mercantile marines were sometimes as great as those suffered by the leading belligerent countries. Thus Norway, which in 1914 possessed a mercantile marine of 2,559,000 gross tons—the fourth largest in the world—lost a total of 1,239,283 tons and there were further losses through damage and molestation.² This particular war loss

¹ Heckscher and others *op. cit.*, p. 47.

² Sweden's losses amounted to 217,887 gross tons, Holland's to 179,736 tons, and Denmark's to 270,235 tons. Salter—*Allied Shipping Control*—quotes rather lower figures for the Scandinavian countries. Details of the different estimates will be found in Turlington, *Neutrality*, Vol. III, Appendix V.

represented 49.3 per cent. of Norway's pre-war tonnage and compared with 46.9 per cent. in the case of Italy, 39.2 per cent. in France, and 37.6 per cent. in Great Britain.¹ All the neutral countries taken together lost 2,320,038 tons of shipping, which was more than one-sixth of the shipping losses of all countries during the war years. Coupled with the smaller volume of tonnage for commercial purposes belonging to other countries, this meant a rapid decline in the carrying capacity at the disposal of the neutral countries. This decline, in the cases of Norway, Sweden, and Holland is illustrated in the following table ²:

NET TONNAGE ENTERING THE PORTS OF NORWAY, SWEDEN, AND HOLLAND
(In million tons.)

	1913.	1918.
Norway:		
Norwegian	2.9	0.6
Foreign	2.9	1.3
Sweden:		
Swedish	6.8	2.9
Foreign	6.9	5.1
Holland:		
Dutch	4.7	0.5
Foreign	13.5	1.2

The foreign trade of these neutral countries was affected in different degrees. That of Holland suffered most severely. Thus imports for home consumption declined from 3,918 million guilders in 1913 to 608 millions in 1918, and exports of domestic produce declined from 3,083 million guilders to 381 millions. In the case of Sweden, imports rose in monetary value from £46.6 million in 1913 to £63.3 million in 1917, and exports from £45.0 million to £86.5 million. In the case of Norway, imports rose from 532 million kroner in 1913 to 1,661 millions in 1917 and exports of domestic produce from 381 millions in 1913 to 975 millions in 1916, after which they declined to 752 millions in 1918;

¹ Heckscher and others: *op cit*, p. 360.

² From *The Statesman's Yearbooks*.

re-exports, after rising from 11.7 million kroner in 1913 to 15.8 millions in 1915, fell to 3.0 millions in 1918.¹

In the following table² a summary is given of the foreign trade of the three Scandinavian countries and of Holland with the United Kingdom and with Germany during the war years:

(In million kroner; data for Holland in guilders.)

	Imports from U.K.	Imports from Germany.	Exports to U.K.	Exports to Germany.
Denmark:				
1913 . .	158	328	410	179
1914 . .	145	265	432	301
1915 . .	253	200	385	487
1917 . .	284	237	265	488
1918 . .	196	316	52	308
Sweden:				
1913 . .	207	290	239	179
1914 . .	184	238	258	175
1915 . .	214	251	330	486
1917 . .	65	288	216	432
1918 . .	149	448	252	293
Norway:				
1913 . .	146	176	105	90
1914 . .	159	151	112	93
1915 . .	253	155	188	193
1917 . .	431	156	302	150
1918 . .	363	138	313	85
Holland:				
1913 . .	341	1,059	684	1,363
1914 . .	326	876	602	1,043
1915 . .	396	608	468	714
1917 . .	286	264	206	317
1918 . .	71	321	74	158

From this table certain trends are apparent. In the case of Denmark, imports from Great Britain were maintained during the first half of the war period, but supplies from Germany declined throughout the whole war period. On the other hand, exports to Great Britain diminished

¹ *Ibid.*

² *Ibid.*

continuously while exports to Germany increased rapidly up to 1916. In the case of Sweden, imports from Great Britain were contracted, while supplies from Germany were contracted to a smaller extent. The value of exports to Great Britain was on balance maintained though with higher prices that meant a smaller volume of trade. Exports to Germany rose up to 1915, after which they diminished. Norwegian imports from Great Britain rose in value steadily up to 1917, but imports from Germany declined. Norwegian exports to Great Britain rose in monetary terms throughout the entire war period, while exports to Germany rose up to 1916 and thereafter declined. In the case of Holland, trade with both Great Britain and with Germany suffered a continuous contraction.

These movements reflected the effect of the spread and intensification of hostilities between the warring groups. They also had important repercussions on the economic lives of the neutrals themselves since none of these countries was self-sufficient as regards its requirements for domestic consumption. Thus Denmark had few raw materials for its domestic industries and was entirely dependent on foreign supplies of fuel. Its agriculture, which provided 85 per cent. of its total exports, depended largely upon foreign imports of fodder, seed, and fertilisers. Imported fodder was estimated to represent about one-fifth of its harvest yield on the basis of fodder value.¹ Moreover, the agricultural industry of the country was specialised on the side of dairy produce; for breadstuffs, the country depended largely on imports. The pre-war consumption of wheat and rye for human consumption and for fodder was estimated at 906,000 tons, of which the home crops in 1913 provided 616,000 tons; in 1914, owing to poor crops, the harvest yield was only 442,000 tons.² Apart from fodder requirements, the human consumption of these two crops absorbed 431,000 tons, so that even the poor crops of 1914 might have covered the domestic demand for breadstuffs, but

¹ Heckscher and others: *op. cit.*, p. 412.

² *Ibid.*, p. 424.

only at the expense of the fodder needs of the country's agriculture. In the case of Sweden, the pre-war importation of cereals had exceeded 500,000 tons; by 1917 this had fallen to 150,000 tons, and in 1918 to 100,000 tons.¹ The home production of the principal crops in Sweden during the war years is shown below²:

(In thousand tons.)

	1914.	1915.	1916.	1917.	1918.
Wheat . . .	230	263	244	187	245
Rye	701	601	582	358	503
Barley . . .	266	300	318	256	254
Oats	763	1,253	1,351	975	840

For Norway, the home crops were as follows³:

(In thousand quarters.)

	1914.	1915.	1916.	1917.	1918.
Wheat . . .	33	35	38	52	13
Rye	127	100	114	141	123
Barley . . .	298	325	414	463	677
Oats	969	1,250	1,635	1,767	1,723

The corresponding returns for Holland up to 1917 are shown below⁴:

(In thousand quarters.)

	1914.	1915.	1916.	1917.
Wheat	680	620	420	960
Rye	1,580	1,410	1,030	3,210
Barley	350	300	210	480
Oats	2,280	1,820	1,580	4,200

¹ *Ibid.*, p. 6.

³ *Ibid.*

² From *The Statesman's Yearbooks*.

⁴ *Ibid.*

The increases which occurred reflected the attempts to make good the loss of imports from which they all suffered, but they were inadequate as a means of offsetting completely that loss. For the pre-war period 1911-13, Holland's total importation of cereals had averaged 4,155,853 metric tons, and 1,146,200 tons after the deduction of re-exports, most of which went to Germany. In 1916, the total import of cereals was 1,043,884 tons, in 1917, 394,457 tons, and in 1918, only 81,947 tons.¹ In the case of Denmark, the average pre-war importation of cereals was 501,622 tons, or 395,864 tons after the deduction of re-exports. In 1915, the total cereal importation was 305,991 tons, in 1916, 179,379 tons, in 1917, 57,369 tons, and in 1918, only 964 tons.²

As regards fuel supplies, the position was similar. The Scandinavian countries had depended for the most part on imports of coal from Great Britain and these supplies were subject to a progressive contraction which was felt most acutely by Sweden. The imports of British coal by these countries during the war years is shown below ³:

(In million metric tons)

	Sweden.	Norway.	Denmark	Total
1913	4.65	2.28	2.93	9.86
1914	4.39	2.44	3.05	9.88
1915	2.72	2.65	3.12	8.49
1916	1.66	2.33	2.30	6.29
1917	0.70	0.98	0.82	2.50

Substitute supplies from Germany helped to make good part of the loss, but complaints were common that the German consignments consisted of Belgian coal of poor quality. Sweden's coal imports from Germany rose from 2.2 million tons in 1915 to 4.4 millions in

¹ Parmelee *op. cit.*, p. 195.

² *Ibid.*, p. 199.

³ Heckscher and others. *op. cit.*, pp. 313, 323, 333.

1916, but fell to 1.7 million in 1917 and 1.6 million in 1918.¹ Denmark's import of German coal was normally small. In 1913 it amounted to 190,000 tons and fell to 110,000 tons in 1915, after which it rose to 640,000 tons in 1917. On the other hand, supplies of German coke to Denmark rose rapidly and more than made good the loss of British supplies. In 1913, Denmark imported 2.21 million tons from Great Britain as against 0.12 million tons from Germany. By 1916, British supplies had fallen to 1.53 million tons, while supplies from Germany rose to 4.52 millions, and in 1917, when British supplies had fallen further to 0.40 million tons, deliveries from Germany were 3.79 millions.²

The introduction of new and elaborate controls on trade was a feature of neutral policy, just as it was a feature of the policies of the belligerents. On the one hand, these controls were designed to assist in the safeguarding of supplies of essential commodities for domestic consumption; on the other, they were designed to facilitate negotiations with the belligerent countries. As an example of the first of these motives there was, in the case of Sweden, the State control of the importation of cereals, the prohibition of grain exports, and the rationing and price control of various commodities. The second motive developed more strongly as the War proceeded. With the belligerents, exports of particular commodities were either subject to prohibitions or to export licences, and when exportable commodities were in short supply and shipping space was greatly reduced, it was important that the belligerents should obtain the best possible terms for the limited supplies which they were prepared to release. For similar reasons, these supplies could be used to obtain the specific imports which were in most urgent demand and which the neutrals could supply. Thus war-time trade tended to develop along the lines of

¹ Heckscher and others: *op. cit.*, p. 72.—Sweden's domestic coal production was small. In 1913 it amounted to 364,000 metric tons and increased to 443,000 tons in 1917. *Statistisches Jahrbuch*, 1922, Appendix, p. 10.

² Parmelee: *op. cit.*, p. 311.

literal barter and on the basis of strict compensation. These considerations created a strong inducement for the neutral countries of Europe to enter into specific agreements with the belligerent countries, and the nature of the trade together with the terms of trade became to an increasing extent a matter of bargaining strength between the controlling authorities. Moreover, the intensity of the demand for neutral supplies varied as between the different belligerents. Thus Germany, which was isolated as regards the more distant countries, was more dependent on the trade which could be obtained through adjacent neutral territories, whereas the Allied countries had in general a greater range of choice at their disposal. To that extent, the Allied Powers enjoyed a position of comparative advantage in bargaining position. The ability of the Scandinavian countries to supply the demands of Germany was largely conditional on their power to import supplies which Germany could not provide and which could be controlled by the action of the Allied Powers.

But whereas each belligerent had only to deal with one neutral at a time, each neutral had to deal with more than one belligerent. The problem was further complicated by the attempt of each group of belligerents to prevent the passage of supplies from the neutral countries to its enemies, since that object might be achieved both directly by the machinery of blockade and contraband control and indirectly by the pre-emption of supplies of goods available for export in the neutral countries. A still further complication arose from considerations of political sentiment and political expediency. Thus while Swedish political sentiment was pro-German, that of Norway was pro-British, and that affected the willingness to negotiate agreements with the two groups of belligerents. In Sweden there was a strong reluctance to acquiesce in the British attempt to insist on guarantees that imports would not be re-exported to enemy destinations. In Norway, this reluctance was less pronounced. Political expediency was also important. Thus it might be easier to obstruct

American supplies for Germany by inducing the European neutrals to provide guarantees against re-exportation than to reach agreements with the United States to prevent such supplies from being exported to Germany.¹

These methods of bargaining with neutral countries could, under the war conditions which prevailed, sometimes compel belligerents to make certain concessions which were of advantage to their enemies, more especially if the particular neutral was in a position to supply both belligerents with goods which they urgently required. Thus the British Order in Council of September 21, 1914, had included iron-ore in the list of contraband goods. In August of the same year, Germany had included pit-props in the list of conditional contraband and later had added to the list all forms of dressed lumber. These regulations were of great importance to Sweden since ore and lumber constituted the greater part of the country's exports—ore to Germany and lumber to Great Britain. Accordingly, the Swedish Government entered into negotiations with the two countries and succeeded in securing the removal of iron-ore from the British contraband list, while the agreement between Sweden and Germany of March 1915 permitted shipments of dressed lumber—other than pit-props—to proceed undisturbed even to an enemy destination.² This latter agreement remained in force for two years.

With the increase in the number and scope of export prohibitions compensation agreements became more significant. In the case of Sweden special compensations were introduced at an early stage. Thus the import of machinery which was subject to an export embargo in the country of manufacture might be made conditional on the export of the necessary raw materials from Sweden; similarly, the export of Swedish products might be made conditional on the import of the raw materials which the

¹ Heckscher and others: *op. cit.*, p. 419.

² In exchange for this concession, Sweden released for export to Germany a large quota of horses and removed the prohibition of exports of dairy produce and meat. *Ibid.*, p. 64.

production of these products required.¹ Later, in 1915, specific compensations were replaced by general compensations on a value basis of specified categories of commodities. In April 1918 a similar arrangement was made with Germany whereby German exports of coal, coke, and briquettes would be obtained in exchange for iron ore, cellulose, and other Swedish products.

The type of bargaining which developed may be illustrated by the negotiations which culminated in the Fish Agreement between Great Britain and Norway in August 1916. The export of fish and fish products from Norway was normally a large and important trade, and supplies were consigned to many countries, some of which were far distant, such as the United States and Australia. Under war conditions, these distant markets could not be retained, and with the rise in freight charges the markets for klipp and dried fish in the Mediterranean countries were severely contracted. As against that, the German demand was more intense, with the net result that prices were forced up to a point at which domestic consumers in Norway were unable to obtain supplies, and State intervention was required in order to safeguard the interests of the civilian population. For Great Britain this German control of the Norwegian fish supply appeared as a striking war-time anomaly since supplies of coal, oil, and stores used by Norwegian fishermen were either obtained from or were controlled by Great Britain. In the summer of 1916 negotiations were opened between the two countries under the threat that unless some satisfactory arrangement could be reached these supplies would be suspended. The original British proposal was that all fish, after the requirements of the Norwegian home market had been met, should be sold to Great Britain. The Norwegian counter-proposal was that surplus fish should be sold to Great Britain to the extent to which it was obtained with the use of British supplies and that exports to other countries should be possible on the same basis. On the British side, this

¹ Heckscher and others: *op. cit.*, p. 71.

latter proposal appeared to involve administrative difficulties which could lead to evasion, whereas on the Norwegian side the original British proposal involved the risk of conflict with the Central Powers in so far as it deprived these countries of all supplies of fish and fish products from Norway. The final agreement was a compromise. The British Government undertook to purchase at fixed prices to be arranged all fish, oil, and other fish products not required for internal consumption in Norway, but a free export of 15 per cent. of the catch was to be permitted, while in addition an undertaking was given that facilities would be provided for the importation by Norway of fuel and stores required by her fishing industry.¹

The agreement between Sweden and the Allied Powers negotiated in May 1918 was of a more comprehensive character. For Sweden it provided a number of rationed supplies calculated on the basis of the domestic requirements of the country, including cereals, fodder, sugar and molasses, rice, oils, cotton, wool, leather, copper, lead, tin, coal, and other commodities. These supplies were to be obtained by import associations which would provide guarantees against re-exportation. On the other side, restrictions were to be imposed by the Swedish Government on the export of Swedish products to the Central Powers, though limited exports to Germany were permitted in respect of articles which were included in the existing compensation agreements with that country. In the latter list were included iron-ore, iron and steel, wood-pitch, acetic acid, acetates, and calcium carbide.² This arrangement was a substitute for the compensation arrangements previously in force with Great Britain. But the agreement also provided for the chartering by the Allies of 400,000 tons of Swedish shipping which represented about 40 per cent. of the mercantile marine of the country. This involved a considerable departure from the policy of the Swedish Government during the early stages of the war. From the Allied side it facilitated

¹ *Ibid.*, p. 319.

² *Ibid.*, p. 111.

the economic pressure on the Central Powers and it was possible only in consequence of the controlling influence which the Allies could exercise over the Swedish economy.

The general results of this survey are definite. The use of the economic instrument by the Allied Powers contributed in large measure to the defeat of the Central Powers, but the success of its application was assisted by important errors of judgment in the formulation of German policy. Apart from the effects of unrestricted submarine warfare on neutral opinion, there are grounds for the view that the powers of resistance possessed by the German economy were weakened by errors of domestic policy. These errors of judgment may be attributed in turn to the expectation that the War would be of short duration and to the firm belief that military action would in itself be decisive. For that reason there were inadequate preparations for a prolonged struggle on the economic side. With the Allies the belief in a short war was also held and that meant some delay in putting into effect the full force of the economic weapon, and even when the expectation of a short war had been dispelled it took time for the administrative machinery required for the prosecution of economic warfare to be developed. Furthermore, there were important political considerations which could not be ignored, particularly in relation to the United States. Once these difficulties had been removed or modified, the economic pressure on the Central Powers was intensified. In this process, the difficulties of the neutral states of Europe were progressively increased and the economic policies of these countries had to be adapted to the actions of the warring groups. Both as regards the internal and external trade of these countries, regulations and controls had to be developed on a scale which had not hitherto been contemplated. From their geographical situation and the character of their economic resources these countries could not escape the serious hardships which resulted from the attempts of each group of belligerents to enforce the economic isolation of the other group, and they were

obliged to enter into agreements with both groups of belligerents in order to safeguard their own most vital interests. This involved a considerable departure from the conception of neutrality which these countries, along with others, had cherished, and the form of economic policy which they could pursue was conditioned by their bargaining strength in relation to that of the warring parties. In the last resort, that bargaining strength was weighted on the side of the Allied Powers, but that result depended upon the ability of these Powers and of Great Britain in particular to maintain control of the seas and to defeat the attacks of German submarines on the shipping of all countries. Behind all the elaborate mechanism of economic warfare as practised during this period, the paramount importance of this control of the seas, both as a means of defence for Great Britain and as an instrument of attack, stands out as a simple fact.

CHAPTER V

ECONOMIC WARFARE IN THE WAR OF 1939

THIS chapter is concerned with a general survey of the position of Germany from the point of view of the possible effectiveness of the economic pressure which can be exercised by the Allied forces in the war which commenced in September 1939. As compared with the war of 1914-18, the present war shows both similarities and differences. The submarine and the mine are again the major menaces to British shipping, though the possibilities of air attack have increased, while the merchant navy of Germany has once more for the most part been driven from the high seas. The experience of the administration of economic warfare on the last occasion has made it possible to resort to similar measures with less delay. The neutral countries of Europe are again acutely affected by the course of hostilities, both directly on account of German attacks on their shipping and their territories, and indirectly through the operation of blockade and contraband control. On the other hand, there are fewer countries directly concerned as belligerents; there have been territorial changes which have affected in opposite directions the nature and magnitude of the economic resources of the German Reich; and the conscious preparation of a war economy in time of peace has led in that country to the accumulation of stocks of supplies of certain commodities for which the war-time demand is particularly intense.

The diplomatic background is not fundamentally different from what it was on the earlier occasion. The implications of the Covenant of the League of Nations have not been allowed to affect the accepted status of

neutrality and there have been no significant changes in the recognised code of international law. The one important development as it concerns this diplomatic background has been the change in the domestic policy of the United States in relation to belligerent states. This development had its origin some time before the outbreak of the present hostilities. The Neutrality Act of 1935 had provided for the creation of a National Munitions Board, together with a licensing system for foreign trade in munitions of war, and for an embargo on the export of arms and munitions whenever war broke out between other states. The Neutrality Act of 1937 was a more elaborate measure. It provided for an embargo on the export of arms to belligerents, an embargo on the granting of loans to belligerents, the prohibition of the transport of arms on American ships, the prohibition of travel by American citizens on the ships of belligerent countries, while it gave a discretionary power to the administration to prohibit the export of specified goods to a belligerent until all rights, title and interest in the goods had been transferred to the belligerent government. On the outbreak of the present war, the President of the United States issued a general proclamation of neutrality and brought into force the mandatory provisions of the Act of 1937. But already the provisions of that Act had aroused much criticism within the country and on September 21, 1939 a special session of Congress was opened for the purpose of considering the views of the administration on the neutrality legislation which was in force. In his message to Congress on this occasion, the President expressed regret that he had signed the existing Act. He claimed that the embargo provisions were inconsistent with accepted practice in international law and that they involved anomalies in their execution. Thus it was illegal to export finished implements of war, but it was not illegal to export unfinished implements of war, and while it was illegal to assist a belligerent by the export to that belligerent of guns and munitions it was not illegal to export wheat and

cotton, which were also important in the prosecution of hostilities.

The Bill which was submitted to Congress proposed to repeal the embargo provisions of the existing Act. But it contained other provisions, some of which had been incorporated in the earlier legislation but others of which were new. Thus the raising of loans in the United States by belligerent governments was prohibited, the arming of American ships was forbidden, and belligerent governments which purchased supplies in the United States were to be required to take title of the goods before shipment. Furthermore, the President was empowered to specify certain areas, entry to which was forbidden to American ships, and American subjects were not to be permitted to travel in the ships of belligerent countries except in accordance with rules laid down by the President. After a period of acute controversy, the new Bill for the abolition of the arms embargo was adopted on November 3, 1939. On the following day, the President prohibited American subjects from travelling on the ships of belligerent countries, and at the same time prohibited American ships from sailing to the belligerent countries or to Ireland, Holland, Belgium, Denmark, Sweden, Norway south of Bergen, or to the Baltic ports. The supply of war materials by the United States to belligerent countries is thus governed by the "cash and carry" rule which, though impartial in principle as between the warring parties, confers an advantage upon those belligerents which have command of the seas and which at the same time are in a position to pay at once for the purchases which they make.

During the initial stages of the war, both Great Britain and Germany had resort to the law and practice of contraband rather than to formal blockade. The British Proclamation of September 4, 1939, followed the distinction between absolute and conditional contraband. The original lists of contraband were as follows:

Absolute Contraband:—(a) All kinds of arms, ammunition, explosives, chemicals, or appliances suitable for use in chemical

warfare, and machines for their manufacture or repair; component parts thereof; articles necessary or convenient for their use; materials or ingredients used in their manufacture; articles necessary or convenient for the production or use of such materials or ingredients.

(b) Fuel of all kinds; all contrivances for, or means of, transportation on land, in the water or air, and machines used in their manufacture or repair; component parts thereof; instruments, articles, or animals necessary or convenient for their use; materials or ingredients used in their manufacture; articles necessary or convenient for the production or use of such materials or ingredients.

(c) All means of communication, tools, implements, instruments, equipment, maps, pictures, papers, and other articles, machines, or documents necessary or convenient for carrying on hostile operations, articles necessary or convenient for their manufacture or use.

(d) Coin, bullion, currency, evidences of debt; also metal, materials, dies, plates, machinery, or other articles necessary or convenient for their manufacture.

Conditional Contraband:—All kinds of food, foodstuffs, feed, forage, and clothing, and articles and materials used in their production.

On November 27, an Order in Council was issued authorising the seizure of German exports on the high seas. This Order was described as an act of reprisal for the sinking of Allied and neutral ships in disregard of the submarine protocol of 1936 and in violation of the provisions of the Hague Convention No. 8 of 1907 which related to the indiscriminate laying of mines. The provisions of this Order were as follows:

1. Every merchant vessel which sailed from an enemy port, including any port in territory under enemy occupation or control, after the 4th day of December, 1939, may be required to discharge in a British or Allied port any goods on board laden in such enemy port.
2. Every merchant vessel which sailed from a port other than an enemy port after the 4th day of December, 1939, having on board goods which are of enemy origin, or are enemy property, may be required to discharge such goods in a British or Allied port.

3. Goods discharged in a British port under either of the preceding articles shall be placed in the custody of the Marshal of the Prize Court, and, unless the Court orders them to be requisitioned for the use of His Majesty, shall be detained or sold under the direction of the Court. The proceeds of goods so sold shall be paid into Court.

On the conclusion of peace such proceeds and any goods detained but not sold shall be dealt with in such manner as the Court may in the circumstances deem just, provided that nothing herein shall prevent the payment out of Court of any such proceeds or the release of any goods at any time,

(a) if it be shown to the satisfaction of the Court that the goods had become neutral property before the date of this order, or

(b) with the consent of the proper officer of the Crown.

In April 1940, the war entered on a new phase with the German occupation of Denmark and the landing of armed forces in Norway, for these acts, though possibly governed in the main by strategic considerations, were also important as regards the course of the economic struggle.

For the purposes of the present analysis it will be convenient where possible to make some comparison between the position of Germany at the outbreak of the present war with the corresponding position in 1913. As between these two dates there have, of course, been changes in population, in geographical frontiers, and, in consequence, in the productive resources available to Germany in time of war. Allowance should also be made for the increase in the war-time demands for certain articles as a result of technical developments in the intervening period, while from the point of view of the vulnerability of Germany to economic pressure in the present war, account must be taken of her recent conquests in Czechoslovakia and Poland, her occupation of part of Scandinavia, her conquest of Holland, Belgium and France, and upon the possibility of obtaining supplies of essential products from or through adjacent neutral territories. * The present analysis is confined to certain raw materials which are important either as food-stuffs or for industrial production.

For the principal agricultural crops the position may be indicated as follows¹:

GERMAN PRODUCTION
(In million metric tons.)

	Wheat.	Rye.	Oats.	Potatoes.
1913	4.4	12.1	9.5	52.9
1917	2.2	7.0	3.6	34.4
1936	4.4	7.4	5.6	46.3
1937	4.6	6.9	5.9	55.3
1938	5.6	8.5	6.4	50.1
1939	5.6	9.4	6.8	51.5

For rye and oats, the production levels of 1913 have not been reached and the figures for recent years have fallen far short of their former levels. Wheat production, on the other hand, has been considerably increased, and while the last two potato crops have been below the 1913 level, high production figures have been attained.

In 1913, wheat imports amounted to 2.5 million metric tons or 36 per cent. of the combined total of production and importation. In 1937, imports were 1.2 million tons or 21 per cent. of the combined total for that year, and in 1938 they were 1.3 million tons or just short of 19 per cent. On the other hand, in earlier years of the thirties Germany had an export wheat surplus, and part of the more recent wheat imports may have been intended for the accumulation of stocks. On the basis of the Reich of pre-1938 frontiers, the dependence on imports of wheat, given good domestic crops, has become much smaller than it was in 1913. For Greater Germany, total wheat supplies over the period 1935-8 averaged 7.5 million tons, and of that total, imports represented 12 per cent.² The later conquest of Poland

¹ *Statistisches Jahrbuch für das Deutsche Reich*, 1938. Figures for 1939 from the *Economist*.

² *Economist*, Sept. 16, 1939.

made a possible addition of 2.0 million tons to the total supplies, though only a negligible amount of that figure was normally exported by that country. Under pre-war conditions, German wheat imports were obtained for the most part from distant sources of supply which can be cut off by the Allied forces; in 1937, Yugoslavia and Roumania together provided only one-sixth of the total of German wheat imports.¹ On the other hand, the Roumanian exportable surplus, if wholly directed to the German market, could go far to meet the import requirements of the country. Thus, on the basis of the average of the years 1934-8, the Roumanian export surplus of wheat was 563,000 metric tons as compared with a German import of 826,000 tons.² On the assumption, therefore, that this source of supply can be fully maintained and on the assumption also that the domestic production of Germany is not adversely affected either by domestic policy or by the results of Allied action, it may be concluded that a high degree of self-sufficiency in wheat is possible to the Reich. But there is the experience of the last war to serve as a warning, more especially if the present conflict should be prolonged. A rate of contraction in domestic production similar to that which occurred during the war of 1914-18 would create a situation which the complete conquest of the wheat lands of the Balkans might be unable to remedy, and dependence on Russia would then appear as the only alternative means of escape. In 1935, the net wheat imports of Germany, Austria, and Czechoslovakia amounted to 4.28 million quintals. The net exports of wheat from Bulgaria, Hungary, Poland, Roumania, and Yugoslavia in that year amounted to 7.17 million quintals.³ But this latter surplus represented only one-eighth of the German wheat production in 1939, whereas

¹ *Stat. Jahrb.*, 1938, p. 266.—Hungary and Bulgaria provided another sixth.

² *Economist*, April 6, 1939. The wheat-growing areas of the Balkans as a whole could more than meet Germany's import requirements under normal conditions.

³ *International Yearbook of Agricultural Statistics*, 1937.

during the war of 1914-18 the German production of wheat declined by one-half between 1913 and 1917.

The position is similar for other cereal crops. On the basis of the years 1935-8, the total rye supplies of Greater Germany averaged 10.0 million metric tons, of which only 3.5 per cent. was imported.¹ Thus for the two bread grains of wheat and rye together, imports provided 7.1 per cent. of the total supplies available from production and import. For those other grains which are normally used as feeding stuffs, there was an even greater degree of self-sufficiency in respect of barley and oats, but an almost complete dependence on imports in the case of maize. On the basis of the same four years, total supplies of barley, oats, and maize were estimated at 6.4 million, 7.8 million, and 2.0 million metric tons, of which imports provided 2.8 per cent., 1.5 per cent., and 73.6 per cent. respectively. For barley, oats, and rye the conquest of Poland might provide an important source of strength, since there were considerable exports of these grains from Poland in pre-war years, while Roumania and Yugoslavia had large exports of maize. In 1935, Germany and Austria imported 2.41 million quintals of rye, 2.18 million of barley, and 2.02 million of oats. Poland's exports of these crops in the same year were 4.14 million, 21.86 million, and 0.90 million quintals. In the case of maize, Germany and Austria imported 6.69 million quintals, while the total exports of maize from Roumania and Yugoslavia amounted to 10.23 million quintals.² But again the significance of possible relief from these sources would depend upon the magnitude of the deficiency which might occur through a decline in German production. Moreover, the amount of assistance which can be obtained by the method of conquest cannot always be closely related to the normal production of the conquered territory. The process of conquest may itself do damage to the productivity of the

¹ *Economist*, Sept. 16, 1939.

² *International Yearbook of Agricultural Statistics*, 1937. The position in 1938 is shown on p. 175 below.

conquered area. The gains of conquest are immediate rather than enduring advantages in time of war. The other factor which assists in the powers of endurance in war-time is the assistance of accumulated stocks. The actual magnitude of these stocks in the case of Germany may not be known with precision, but there is reason to suppose that large stocks of grain were built up for use in the event of war. Thus in the twelve months ending at the beginning of August 1939, known grain stocks had increased from 3.3 million to 8.6 million metric tons.¹

The meat consumption of the Germany of 1913 has been estimated at 2.86 million metric tons or 51.7 kg. per head of population. In 1937, consumption was 3.10 million tons or 53.2 kg. per head.² Imports provided one-fifth of the total meat supplies of the old Reich, but the estimated meat requirements of Greater Germany are much less. For Greater Germany, meat production averaged 4.0 million tons³ in the period 1936-8, and the import requirements have been placed at 200,000 tons.

The butter consumption of Germany, excluding Austria, has been given at 603,000 metric tons in 1937.⁴ Imports in that year, obtained mainly from Denmark, Holland, and Sweden, amounted to 87,000 tons, or fully 14 per cent. of the total consumption. In this case, little assistance is likely to be provided from the conquered territories except in the case of Denmark, but the fact that imports were normally obtained from adjacent neutral countries means that the maintenance of supplies will depend upon the form of pressure which the Allied forces can direct against these countries. Dependence on foreign supplies of lard and tallow was smaller than in the case of butter. For the old Reich, imports were estimated at 7 per cent. of the total supply

¹ *Economist*, Sept. 16, 1939. In view of the small domestic production of maize, the increase in imports from 172,000 metric tons in 1936 to 2,159,000 tons in 1937 and 1,895,000 tons in 1938 is significant.

² *Stat. Jahrb.*, 1938, p. 382.

³ *Economist*, Dec. 16, 1939.

⁴ *Stat. Jahrb.*, 1938, p. 382.

in the period 1935-8,¹ but imports provided 95 per cent. of the total supply of vegetable oil and 83.5 per cent. of the total supply of whale oil. For all fats, including butter, lard and tallow, vegetable oil, and whale oil, imports provided 880,000 tons or 44.7 per cent. of the average supply of 1,972,000 tons available in the period 1935-8. In the autumn of 1938, stocks of fats were estimated at 462,000 tons or rather more than one-fifth of the average annual supply.

For some time before the outbreak of war, complaints were heard of the shortage of fats available for consumption by the civilian population. This shortage cannot have been due to the existence of inadequate supplies, but may be explained by the increased requirements in fats for the production of munitions of war. In war-time, this latter absorption of fats may be expected to increase so that the reduction in supplies for civilian use becomes intensified. Under these conditions, the civilian demand for other foodstuffs such as bread tends to expand, so that a new importance attaches to the maintenance of adequate supplies of cereals.

For fish, total supplies averaged 844,000 metric tons in the period 1935-8. Of that total 27.9 per cent. was obtained by way of imports either from countries which became Germany's enemies or from neutral adjacent countries. No relief from conquered territories can be obtained unless Norway should be subjugated, while to a large extent, as during the war of 1914-18, the fishing industry of the neutral countries is dependent on supplies of fuel and stores which are controllable by the Allied forces.

For foodstuffs in general, the self-sufficiency of the old Reich has been estimated at 80 per cent.,² and the addition of Austria, Sudetenland, and Memel is said to have increased the productive capacity of German agriculture by about 5 per cent. On the other hand, in a war which becomes prolonged it may not be possible to take full advantage of this productive capacity. Apart

¹ *Economist*, Sept. 16, 1939.

² *Report of the German Institute for Business Research*, May 23, 1939.

from the effects of war-time policy on agricultural output, the productivity of the land depends upon the supply of fertilisers. As regards potash, Germany is normally an exporting country, but there were other fertilisers which were normally imported. Thus in 1936, imports of natural phosphates amounted to 1,125,000 metric tons and imports of basic slag to 420,000 tons.¹

In 1913, German coal production amounted to 190 million metric tons and the production of lignite to 87 million tons. In that year also there were net exports of coal amounting to 24 million tons and net imports of lignite of 7 million tons.² In 1938, coal production reached 186 million tons and lignite production 195 million tons, while coal exports amounted to 26 million tons. Thus whereas the former level of coal output had practically been reached, the production of lignite had been more than doubled. Recent territorial conquests have added to the productive capacity and available output of the coal-mining industry. Coal production in Austria is negligible, but the Polish coal output in 1938 was 38 million tons, and that of Czechoslovakia 14 million tons,³ making an addition of 52 million tons, or 28 per cent. on the basis of the returns for 1938. As against that increase, the operations of the war have interfered with the output of the Saar, which in 1938 produced 13 million tons of coal. Economic warfare, therefore, involves no stringency of coal supplies for the Reich, though the blockade of German exports deprives the country of an important asset.

A striking contrast is apparent in the case of pig-iron. In 1913, iron-ore production amounted to 35 million metric tons, and there was a net importation of 11.4 million tons, making a total supply of 46.4 million tons, of which imports provided 24 per cent. A large part of this former domestic production was obtained from Alsace-Lorraine, so that with the return of these provinces

¹ *International Yearbook of Agricultural Statistics*, 1937.

² *Stat. Jahrb.*, 1922.

³ *Statistical Yearbook of the League of Nations*, 1938-9.

to France the German output was reduced. In 1936, the iron-ore output of Germany was 7.6 million tons, with an ore content of 2.3 million tons, and by 1938 these figures were raised to 10.9 million and 3.1 million tons respectively, largely as a result of the exploitation of hitherto unworked low-grade ores. In these two years, ore imports were 18.5 million tons and 21.9 million tons, corresponding to a total consumption of 26.1 million tons and 32.8 million tons respectively, of which the proportions imported were 71 per cent. and 67 per cent.

The more important data for an examination of the German iron-ore position are summarised in the following table ¹:

(In million metric tons.)

	1935.	1936.	1937.	1938.
Germany. Iron-ore output . . .	6.0	7.6	9.8	10.9
Ore content	1.8	2.3	2.8	3.1
Sweden. Iron-ore output	7.8	11.3	15.0	13.9
Ore content	4.9	6.9	9.1	8.5
Russia: Iron-ore output	27.1	27.9	—	—
Ore content	13.5	14.0	—	—
Austria: Ore content of output . .	0.27	0.36	0.67	0.80
Poland: Ore content of output . .	0.10	0.15	0.25	0.27
Czechoslovakia: Ore content of output	0.25	0.36	0.59	—
Sweden: Ore exports	7.0	10.3	13.1	12.0
Germany: Ore imports (total) . .	14.1	18.5	20.6	21.9
Germany: Ore imports from Sweden	5.5	8.2	9.1	9.0
Germany: Ore imports from France .	5.6	6.9	5.7	5.1
France: Ore content of output . .	9.8	10.2	11.5	10.1
Luxembourg: Ore content of output	1.3	1.5	2.2	1.5

The low-grade quality of the German ores in comparison with those of Sweden or Russia is apparent. Equally apparent is the dependence of the German economy on ore imports. Supplies from Sweden and France tended in recent years to form a diminishing

* ¹ The data in the table are taken from *Stat. Jahrb.*, 1938, *The Statistical Yearbook of the League of Nations*, 1938-9, and *The Swedish Economic Review*, Dec., 1939.

proportion of the total ore imports. In 1938, Sweden provided 41 per cent. of the total, France 23 per cent., Luxembourg 8 per cent., Newfoundland, Norway, and Spain 5 per cent. each, while the remaining 13 per cent. came from Africa, Greece, and other countries. A large part of these several supplies is unobtainable under war conditions and greater importance attaches to supplies from Sweden. Normally, supplies of Swedish ore are shipped *via* the Norwegian port of Narvik, but that route has now become closed. Direct shipments from Sweden through the Baltic must therefore be the alternative if these can be maintained, but the alternative route *via* Lulea in the Gulf of Bothnia can only be used when that port is ice-free. The conquered territories in Austria, Poland, and Czechoslovakia, on the other hand, provide substantial assistance, though not on a scale sufficient to compensate for the loss of supplies from other countries, even if the domestic production plus the output from these territories should be substantially increased. In 1938, no supplies of ore were obtained from Russia, and though that country provides a potential alternative supply it is doubtful whether sufficient relief from that source can be obtained.

The experience of the last war may not be without significance. The German production of iron ore declined from 35 million tons in 1913 to 25 million tons in 1917.¹ Over the same period, net imports declined from 11.4 million tons to 9.0 million tons, so that ore supplies from domestic production plus imports fell from 46.4 million tons to 34.0 million tons, a fall of 27 per cent.² As against that diminution in ore supplies there was an increased use of scrap, while the curtailment of exports of iron and steel products released resources for war purposes.

In 1913, copper production in Germany amounted to 49,000 tons and net imports to 221,000 tons. Apart

¹ *Stat. Jahrb.*, 1922.

² The corresponding decline in the case of the United Kingdom was 10 per cent.

from copper derived from scrap, 80 per cent. of the total supply was imported. The relevant data for the period 1936-8 are as follows¹:

(In metric tons.)

Germany.	1936.	1937.	1938.
Copper ore output	1,100,000	1,300,000	—
Ore content	26,000	27,000	—
Ore imports	482,500	555,600	654,000
Copper output	61,600	65,500	70,000*
Copper imports (net)	124,000	163,000	272,000
Copper consumption.	183,000	228,000	420,000*
Copper scrap (including imports) .	33,000	38,000	120,000*

* Including Austria.

The imports of copper were obtained mainly from the United States, Chile, Rhodesia, and the Belgian Congo, and the imports of copper ore from France, Cyprus, Holland, Belgium, Denmark, and Norway. Most of these supplies can be obstructed by the Allied forces. Possible supplies might be procured from Belgium, which had an output of 90,000 tons in 1937, and from Yugoslavia, whose output in that year was 39,400 tons, but the entire outputs of these countries could not replace the loss imposed by Allied blockade measures, while Russia has been a large copper importer as well as a producer of considerable size.

Germany's production of lead ore amounted to 78,900 tons in 1937, while the output of Austria, Czechoslovakia, and Poland represented another 19,900 tons. The output of Yugoslavia, which might prove attractive, was 71,100 tons. The lead output of Germany in that year was 162,400 tons, and that of the conquered countries 33,100 tons. The lead consumption of Germany was

¹ Data from *Stat. Jahrb.*, 1938; *Statistical Yearbook of the League of Nations*, 1938-9; *Quin's Metal Handbook and Statistics*, 1939. The estimate of copper scrap is based on the data cited.

estimated at 236,000 tons,¹ so that the self-sufficiency percentage might be placed at 70. In 1938, the German output of zinc was 194,600 tons, and imports 74,900 tons, giving a percentage of self-sufficiency of 72, but the Polish output in that year was 107,000 tons, or roughly one and a half times the amount of the German import. In the case of aluminium, production in 1938 amounted to 160,000 tons and imports to 18,800 tons, giving a self-sufficiency percentage of 89. The nickel output of the country, on the other hand, was negligible. Imports of nickel ore amounted to 34,000 tons in 1938, with an ore content of 7,900 tons, and other nickel imports amounted to 4,000 tons, giving a total of 11,900 tons, of which 6,600 tons came from Canada, which produces the bulk of the world's output. For chrome ore, Germany was entirely dependent on foreign supplies and imports rose from 95,000 tons in 1935 to 176,000 tons in 1938. The main sources of supply for this metal are to be found in Africa, Turkey, and Jugoslavia, and in the U.S.S.R. For manganese ore supplies, imports normally provided about one-third. In 1937, the ore content of the domestic output was 209,000 tons, and there were imports of ore amounting to 554,000 tons, more than one-half of which came from British South Africa. This latter source of supply was one which had been increasing and which had replaced supplies formerly obtained from the U.S.S.R. Thus whereas imports from the U.S.S.R. diminished from 228,000 tons in 1935 to 61,000 tons in 1938, imports from British South Africa rose from 31,000 tons to 268,000 tons in the same period. Apart from the U.S.S.R., however, there is the possibility of tapping other European sources of supply. The Austrian output has been increased, and in terms of ore content reached 41,800 tons in 1937. The Roumanian output, also in terms of ore content, was 18,300 tons in the same year, while the estimated output of the U.S.S.R. was 1,200,000 tons in ore content.²

¹ *Quin's Metal Handbook and Statistics*, 1939.

² *Statistical Yearbook of the League of Nations*, 1938-9.

For antimony, Germany was almost entirely dependent upon imports, but recent conquests will have been advantageous. In 1937, the ore content of the Austrian output was 252,000 tons, and that of the Czechoslovakian output 1,169,000 tons. In addition, there was an Italian output of 646,000 tons and an output in Yugoslavia of 1,980,000 tons, and supplies from these sources may still to some extent be available.

In 1913, Germany's consumption of mineral oil amounted to 1,145,203 metric tons, of which 120,983 tons came from domestic production and 1,024,220 tons were imported.¹ This dependence on foreign supplies is still an important factor for the German economy in time of peace and even more so in time of war, despite the increase which has occurred in domestic production. Between 1929 and 1938, domestic production of crude petroleum increased from 103,000 tons to 552,000 tons, production of benzol from 417,000 tons to 540,000 tons, and production of petroleum products from 688,000 tons to 2,143,000 tons (1937).² Petroleum supplies are obtained from deposits located in north-eastern Germany, and to that extent are not directly affected by the existing state of hostilities. During the first half of 1939, domestic production of petroleum showed a further increase to 365,000 tons, which represented an annual production approximately one-third in excess of that for the previous year and equivalent to 2,000 tons per day. Domestic supplies of benzol are obtained from gas-works and coke-oven plants and are therefore by-products of other forms of production. The recent conquests have not added much to the possibilities of domestic production, more especially since the Polish oil-fields are located in the territory which was taken over by the U.S.S.R. The possibilities which remain are those of Roumania and the U.S.S.R. The relevant production data for the period 1935-8 are as follows³:

¹ *Stat. Jahrb.*, 1922.

² *Statistical Yearbook of the League of Nations*, 1938-9.

³ *Statistical Yearbook of the League of Nations*, 1938-9; and *Petroleum Press Service*, May 5, 1940.

OUTPUT OF CRUDE PETROLEUM
(In thousand metric tons.)

	1935.	1936.	1937.	1938.	1939.
Germany	427	445	451	552	—
Austria	7	7	33	63	—
Poland	515	511	501	507	—
Czechoslovakia	20	19	18	19	—
Roumania	18,376	8,703	7,153	6,603	6,240
U.S.S.R.	25,240	27,385	27,821	28,859	—

OUTPUT OF BENZOL
(In thousand metric tons.)

	1935.	1936.	1937.	1938.
Germany	350	421	529	540
Austria	6	6	—	—
Poland	12	25	31	—
Czechoslovakia	22	28	—	—

OUTPUT OF PETROLEUM PRODUCTS
(In thousand metric tons.)

	1935.	1936.	1937.
Germany:			
Motor spirit	577	878	1,260
Kerosene	52	56	77
Heavy oils	367	432	464
Lubricating oils	207	270	342
Roumania:			
Motor spirit	1,853	1,922	1,589
Kerosene	1,367	1,290	1,113
Heavy oils	4,690	4,603	3,593
Lubricating oils	82	63	49

German imports of petroleum in recent years were as follows ¹:

¹ Schuster. "Germany's War Material Imports," *Economist*, May 20, 1939.

(In thousand metric tons.)

	1936.	1937.	1938.
Crude petroleum . . .	982.8	1,197.9	1,326.4
Refined petroleum . . .	3,235.2	3,109.4	3,640.6
Total . . .	4,217.0	4,307.3	4,967.0

In 1937, out of a total supply of 7,430,000 tons from home production and imports, the foreign supply represented 59 per cent., and with the greater requirements for war purposes reliance upon even an expanded domestic production would be inadequate. Of the imports in 1938, moreover, only about 13 per cent. came from countries which remain accessible.

The most immediate source of imports not directly affected by the Allied blockade measures is Roumania, which in 1938 had an export surplus (including bunkers) of 4,500,000 tons, and in 1939, 4,180,000 tons.¹ Of this latter export, Germany and Czechoslovakia obtained 1,200,000, which was a larger quantity than had been obtained in previous years. Russia, though an important producer, had diminished in importance as an exporter of mineral oil. Russian exports had fallen from 5,200,000 tons in 1931 to 1,900,000 tons in 1937.² To what extent increased supplies from this source may be obtained is not yet known, but even if the entire output of the Roumanian wells could be made available, that would not suffice to meet the requirements of the country throughout a prolonged period of modern warfare.

Estimates of war-time requirements cannot be made with any high degree of accuracy, but some approach to the problem may be made on the basis of peace-time consumption. According to one German estimate, it was claimed that in 1936 the country was self-sufficient to the

¹ *Petroleum Press Service*, May 5, 1940.

² *Economist*, Oct. 14, 1939.

extent of 42 per cent., that the refining of crude oil imports yielded a further 8 per cent., and that the remainder of the country's requirements was covered by the importation of refined oil products.¹ For the period 1936-40, the same authority estimated that the domestic consumption of petrol would increase from 2,250,000 tons to 3,000,000 tons, that of diesel oil from 760,000 tons to 1,580,000 tons, and that of lubricants from 450,000 tons to 570,000 tons.² The total consumption for 1940, including other oil products, was estimated to be 6,520,000 tons on the basis of the growth in peace-time requirements, as compared with 4,560,000 tons in 1936. In that latter year, imports were 4,218,000 tons and domestic production 2,502,000 tons, making a total of 6,720,000 tons. On the basis of the estimated consumption for that year, the total supply originating in the year exceeded that consumption by 2,160,000 tons, which may have been stored. At a uniform rate of expansion, domestic consumption would have been 5,050,000 tons in 1937, 5,540,000 tons in 1938, 6,030,000 tons in 1939, and 6,520,000 tons in 1940. In 1937, domestic production plus imports amounted to 7,430,000 tons or 2,380,000 tons in excess of the estimated consumption of the year. In 1938, the excess of supply over consumption may not have been less than 2,500,000 tons, so that in the three years 1936-8 a stock of at least 7,000,000 tons may have been accumulated, or the equivalent of eighteen months' normal consumption. In 1939, further additions to stock may have been made though the conduct of the campaign in Poland would probably make inroads into the supplies in storage. In time of war, certain forms of normal consumption may be reduced as, for example, by the rationing of motorists, and, in the case of Germany, by the withdrawal of oil-burning ships from ocean trade. But new war-time

¹ *Economist*, May 28, 1938.

² Imports of lubricating oil in 1938 amounted to 388,034 tons. *Bulletin of the Hamburg World Economic Archives*, Vol. V, No. 14, 1939. This was rather more than the amount of the domestic production.

demands expand at a rapid rate, and with active war conditions may not be less than 12,000,000 tons per annum. It may be doubted whether the accumulated stocks in Germany at the outbreak of war were more than two-thirds of this latter figure. With the addition of supplies released by the curtailment of civilian demand, together with the pre-war rate of importation and domestic production, one year's war consumption on the scale of 12,000,000 tons¹ might be covered. Beyond that point, greatly enlarged importations would be necessary to maintain active war operations.

The results of this general survey do not indicate the view that the methods of economic warfare, given the present alignment of powers, are likely to precipitate the collapse of the German economy within a short period of time. On the other hand, the weaknesses of the German economy are likely to become more conspicuous as time passes. The degree of importance which attaches to foreign sources of supply varies widely as between different types of raw material, but the greatest measure of vulnerability arises in respect of iron-ore and mineral oil. Even in these cases, however, supplies may be available for full-scale war operations for at least a year, though beyond that period the difficulties which confront the German economy may be expected to increase. In respect of iron-ore deliveries, the spread of the war into Scandinavia cannot be regarded as improving the German position. From the point of view of economic advantage the possible extension of German influence in the Balkans has a particular significance. Roumania and Yugoslavia in particular are capable of supplementing the resources of the Reich at points where weaknesses are most liable to occur, and it may be that the economic warfare conducted by the Allied Powers will be most effective in that quarter of Europe. Even greater relief could be obtained from the U.S.S.R.,

¹ This figure can only be advanced tentatively. There are no data which can be used to provide a precise estimate and much must depend upon the tempo of war operations. But the figure cited may not be an overstatement.

provided always that certain conditions were fulfilled. While the Russian output of many important commodities may be large, the requirements of the domestic market have not left surpluses available for export, and there is the further difficulty of transport which cannot be speedily solved. Moreover, if large Russian supplies were not forthcoming on the basis of long credit it would be necessary for large increases in exports of German products to Russia to be developed. In recent years, the trade between the two countries has shown a definite contraction. German imports from Russia which amounted to 303 million marks in 1931 were 215 million marks in 1935 and only 47 million in 1938; and German exports to Russia which in 1931 amounted to 763 million marks fell to 39 million marks in 1935, and after a short expansion in the following year amounted to only 32 million marks in 1938. To some considerable extent, this process of decline may be attributed to political factors which were unfavourable to the development of mutual trade. But even if these difficulties should be removed or reduced, the expansion of exports under war conditions encounters fresh obstacles. Nor does the fact that the Allied blockade has deprived Germany of many important foreign markets and so released resources which might be used to provide new exports for the Russian market greatly help the situation unless the productive resources which have been released can be used for the Russian trade. It is not impossible that the German products which would be most acceptable to Russia in payment for war supplies would be products which were also in urgent demand in Germany for the prosecution of the war.

More precise conclusions perhaps cannot be formulated at the present stage. The relevant facts of the war situation can change with great rapidity and the efficacy of particular methods of economic warfare cannot be isolated from the other more military aspects of the struggle. Apart from the stresses and strains created by a given military situation, new and important elements

in the problem may emerge with striking suddenness. Thus new conquests may yield quick gains, even though they may prove of less advantage over a longer period. In a lengthy struggle, moreover, much may depend upon the efficiency with which internal economic policy is prepared and executed. In the war of 1914-18, German experience in this respect was in general unfortunate,¹ but the experience gained on that occasion may prevent the repetition of former errors. In many different directions, stocks of war supplies have been accumulated and synthetic products have been developed to replace supplies which might, under war conditions, be unobtainable. But these expedients may speedily exhaust their effectiveness. In the absence of any radical alteration in the present alignment of forces, a war of comparatively short duration would appear to be in the best interests of the German economy.

The entry of Italy into the war and the collapse of French resistance in June 1940 following the subjugation of the Low Countries have created a situation which has broad similarities to that which existed during the later phases of the Napoleonic Wars and have involved an important alteration in the alignment of the belligerent forces. In relation to the economic aspects of the conflict there has been an extension of the scope of the Allied blockade but, on the other hand, Germany has acquired access to new stocks and to new sources of supply. Economically, Italy's active participation in the war may not be an asset to Germany, but the extension of the area of conquered Europe has afforded significant advantages in particular directions. In respect of captured

¹ Some reference to this point has already been made. A correspondent of *The Times*—Jan. 20, 1940—cites another instance. "On August 8, 1914, five days after German troops had invaded Belgium, Walther Rathenau, a German industrialist, visited the Chief of the German General War Department. He sought information how far the German General Staff had safeguarded the country's raw material supplies for the war. Colonel Scheuch was surprised. He had heard that question for the first time. Nothing was done. The question was simply overlooked. One day later Rathenau was asked to organise a *Kriegsrohstoffabteilung*. His work was successful enough to prevent a serious raw material shortage in Germany until 1916."

stocks, these may be momentarily useful, but they may be speedily exhausted and in several instances they cannot be replaced. In respect of new sources of supply, their importance depends upon the ability of the captor to adapt them to his requirements. If, as has been anticipated, European harvests in 1940 are deficient, Germany will obtain comparatively small advantage from her recent conquests. France, though a large producer of cereal crops, was also a large importer and the conquered areas as a whole are not self-sufficient in foodstuffs. In the case of Italy, wheat production over the three years 1936-8 averaged 67.5 million quintals and net wheat imports averaged 8.3 million quintals. Nor do the latest conquests provide new oil supplies other than stocks, which may have been large. In respect of certain metals the position is different. In 1938, the ore content of French iron-ore production was 10.1 million metric tons, to which there may be added 1.5 million tons from Belgium and Luxembourg, and 1938 was not a record year. Of even greater importance is the French production of bauxite, which amounted to 682,000 metric tons of crude ore in 1938, or more than seven times the German production, while the smelter production of aluminium in France amounted to 45,300 metric tons, which was two-and-a-half times the German import of aluminium in the same year. For German aircraft production this represents an undoubted advantage, just as for Great Britain it represents a corresponding loss. But in the long run the oil factor is of greater importance than the ability to maintain the output of aircraft.

APPENDIX I

REGISTERED TONNAGE AND NEW SHIP CONSTRUCTION, 1789-1800, AND 1803-15

	Ships on the Register.		Ships Built.	
	Number.	Tonnage.	Number.	Tonnage.
1789 . . .	14,310	1,395,172	827	71,090
1790 . . .	15,015	1,460,823	725	68,695
1791 . . .	15,645	1,511,411	766	68,940
1792 . . .	16,079	1,540,145	821	78,120
1793 . . .	16,329	1,564,520	800	75,085
1794 . . .	16,806	1,589,758	714	66,021
1795 . . .	16,728	1,574,451	719	72,181
1796 . . .	17,067	1,519,298	823	94,972
1797 . . .	16,903	1,614,996	756	86,242
1798 . . .	17,295	1,666,481	833	89,319
1799 . . .	17,879	1,752,815	858	98,044
1800 . . .	17,885	1,855,879	965	126,268
1803 . . .	20,893	2,167,863	1,402	135,349
1804 . . .	21,774	2,268,570	991	95,979
1805 . . .	22,051	2,283,442	1,001	89,584
1806 . . .	22,182	2,263,714	772	69,198
1807 . . .	22,290	2,281,621	770	68,000
1808 . . .	22,646	2,324,819	568	57,140
1809 . . .	23,070	2,368,468	596	61,396
1810 . . .	23,703	2,426,044	685	84,891
1811 . . .	24,106	2,474,774	870	115,638
1812 . . .	—	—	—	—*
1813 . . .	—	—	—	—*
1814 . . .	24,418	2,616,965	864	97,919
1815 . . .	24,860	2,681,276	1,183	128,540

* Records destroyed by fire.

Data for period 1798-1800 from Macpherson's *Annals of Commerce*, 1805.

Data for period 1803-15 from Marshall's *Digest of All the Accounts, etc.*, 1833.

APPENDIX II

REGISTERED TONNAGE AND NEW SHIP CONSTRUCTION, 1914-18 (STEAM VESSELS ONLY)

	Registered Tonnage.			Ships Built.	
	Number.	Tonnage.		Number.	Net Tonnage.
		Net.	Gross.		
1914 .	12,862	11,621,635	19,145,141	858	1,006,065
1915 .	12,771	11,650,349	19,166,456	394	397,212
1916 .	12,405	11,036,788	18,185,703	385	409,558
1917 .	11,534	9,606,671	15,880,075	348	764,598
1918 .	11,334	9,496,970	15,709,264	313	820,829

	Ships Built for Foreign Owners.		Vessels on the Register Sold to Foreign Countries.	
	Number.	Net Tonnage.	Number.	Net Tonnage.
1914	104	193,714	278	354,383
1915	21	35,288	71	121,161
1916	20	37,537	36	13,828
1917	9	19,084	38	21,022
1918	4	5,608	31	18,367

Source *Statistical Abstract for the United Kingdom*, 1926. Cmd. 2620.

APPENDIX III

*TABLE SHOWING BRITISH MERCHANT SHIPPING LOSSES IN EACH MONTH DURING THE WAR PERIOD 1914-18, TOGETHER WITH THE NUMBER OF GERMAN U-BOATS IN SERVICE AND THE NUMBER LOST DURING EACH MONTH.

	British Merchant Shipping Losses				Number of U-Boats in Active Service	Number of U-Boats at Sea.	Number of U-Boats Lost
	Total		By Submarine Action				
	Number	Tonnage (ooo's omitted)	Number	Tonnage (ooo's omitted)			
1914—							
Aug . . .	9	40	—	—	20	—	—
Sept. . .	21	88	—	—	24	2	2
Oct . . .	19	78	1	1	27	8	—
Nov . . .	5	9	2	2	28	3	1
Dec . . .	10	26	—	—	28	4	2
1915—							
Jan . . .	11	32	7	17	27	4	2
Feb . . .	14	36	8	22	27	1	—
Mar . . .	23	71	21	64	27	6	3
April . .	11	22	11	22	26	6	1
May . .	19	84	19	84	35	8	—
June . .	31	83	29	76	40	10	3
July . .	20	53	19	49	44	10	3
Aug. . .	49	148	42	135	45	13	3
Sept. . .	30	102	22	89	46	14	2
Oct . . .	17	54	10	39	44	7	1
Nov . . .	32	94	23	85	42	9	2
Dec. . .	21	74	16	65	44	8	—
1916—							
Jan. . .	16	62	5	28	41	4	—
Feb . . .	26	76	7	24	41	10	—
Mar . . .	26	99	19	83	47	11	2
April . .	43	141	37	127	52	20	3
May . .	20	65	12	42	58	7	2
June . .	16	37	11	34	65	15	1
July . .	28	82	21	70	72	28	3
Aug. . .	23	43	22	43	74	21	1
Sept. . .	42	105	34	85	80	21	1
Oct. . .	49	176	41	147	87	17	1
Nov . . .	49	169	42	97	93	29	5
Dec. . .	58	182	36	110	97	24	3
1917—							
Jan . . .	49	153	35	110	103	20	2
Feb . . .	105	313	86	256	111	38	4
Mar . . .	127	353	103	384	128	36	4
April . .	169	545	155	516	127	42	2
May . .	122	352	106	321	130	42	7
June . .	122	417	116	391	132	61	2
July . .	99	365	88	320	130	42	7
Aug. . .	91	330	84	311	128	45	3
Sept . .	78	196	68	173	139	59	13
Oct. . .	86	276	79	262	140	55	5
Nov. . .	64	174	56	155	137	30	7
Dec . .	85	253	76	227	134	60	9
1918—							
Jan . . .	57	180	57	180	132	33	9
Feb. . .	69	227	68	225	129	50	3
Mar. . .	82	199	79	195	127	37	6
April . .	72	216	67	209	125	44	7
May . .	60	192	59	189	125	55	16
June . .	51	163	49	159	112	36	3
July . .	37	165	37	165	121	45	6
Aug. . .	41	146	41	146	124	45	7
Sept. . .	48	137	48	137	128	43	7
Oct. . .	25	59	23	55	121	54	7
Nov. . .	2	10	2	10	—	—	2

Data relating to British Shipping Losses taken from White Paper No. 199, 1919.
 Data relating to U-Boats taken from Michelsen *Der U-Bootskrieg, 1914-18*.
 The returns of U-Boats lost include 7 which were interned

MERCHANT SHIPPING LOSSES, OUTPUT OF MERCHANT SHIPBUILDING, AND ENEMY TONNAGE CAPTURED, 1914-18
(In gross tons.)

	Merchant Tonnage Lost through Enemy Action and Marine Risks.			World Output of Merchant Shipbuilding (excluding Enemy Countries).			Enemy Tonnage Captured and Brought into Service by Allies (excluding Russia).
	British	Foreign	World.	United Kingdom	Other Countries	United Kingdom	
1914—							
3rd Quarter	341,824	85,947	427,771	253,290	337,310	{ 654,037	51,162
4th "	154,728	126,688	281,416	422,320		{ 18,269	9,482
1915—							
1st "	215,905	104,542	320,447	266,267		{ 5,153	3,545
2nd "	223,676	156,743	380,419	146,870		{ 458	88,489
3rd "	356,059	172,822	529,481	145,070	551,081	{ 5,322	—
4th "	307,139	187,234	494,373	92,712		{ 2,204	—
1916—							
1st "	325,237	198,958	524,195	95,556		{ —	244,775
2nd "	270,690	251,599	522,289	107,093		{ 2,073	976
3rd "	284,358	307,681	592,039	124,961	1,146,448	{ 22,821	171,116
4th "	617,563	541,780	1,159,343	213,332		{ —	—
1917—							
1st "	911,840	707,533	1,619,373	246,239	340,807	—	—
2nd "	1,361,870	875,164	2,236,934	249,331	435,717	—	656,480
3rd "	952,938	541,535	1,494,473	248,283	426,778	5,186	333,731
4th "	782,889	489,954	1,272,843	419,621	571,010	—	116,399
1918—							
1st "	697,668	445,668	1,143,336	320,280	550,037	997	—
2nd "	630,862	331,145	962,007	442,966	800,308	—	—
3rd "	512,030	403,483	915,513	411,395	872,735	—	—
4th "	83,952	93,582	177,534	136,100	375,000	—	—
Total	9,031,828	6,021,958	15,053,786	4,342,296	6,507,231	716,520	1,676,155

From: Cmd. 9221, 1918.

GROSS TONNAGE OF BRITISH MERCHANT SHIPPING (a) LOST THROUGH ENEMY ACTION, AND (b) DAMAGED OR MOLESTED (BUT NOT SUNK) BY THE ENEMY DURING EACH QUARTER OF THE WAR PERIOD.
(In thousand tons.)

	Tonnage Lost.	Tonnage Damaged or Molested.
1914—		
3rd Quarter	128	78
4th "	114	48
1915—		
1st "	139	163
2nd "	189	247
3rd "	303	202
4th "	222	213
1916		
1st "	237	262
2nd "	243	170
3rd "	230	194
4th "	527	519
1917—		
1st "	820	859
2nd "	1,315	1,453
3rd "	891	898
4th "	703	610
1918		
1st "	606	733
2nd "	571	702
3rd "	448	559
4th "	69	95

APPENDIX IV

CEREAL PRODUCTION IN 1938 (In million quintals.)

	Wheat.	Barley.	Rye.	Oats.	Maize.
Germany	55.8	42.5	86.1	63.7	1.8
Austria	4.4	3.0	5.9	4.4	2.0
Bulgaria	21.5	3.5	1.9	0.9	5.3
Hungary	26.9	7.2	8.0	3.1	26.8
Poland	21.7	13.7	72.5	26.6	1.3
Roumania	48.2	8.3	5.2	4.6	51.0
Czechoslovakia	17.9	13.0	16.8	12.7	—
Yugoslavia	30.3	4.2	2.3	3.3	47.6
France	94.0	12.7	8.0	54.5	6.4
Holland	4.1	1.5	5.4	3.7	—
Italy	80.9	2.5	1.4	6.3	29.4
United Kingdom	20.0	9.2	0.1	20.2	—

Source: *Statistical Yearbook of the League of Nations*, 1938-9.

PER CAPITA PRODUCTION IN 1938 (In quintals.)

	Popula- tion.	Wheat.	Barley.	Rye.	Oats.	Maize.
	Millions.					
Germany	68.34	0.81	0.62	1.26	0.93	0.026
Austria	6.76	0.65	0.44	0.87	0.65	0.295
Bulgaria	6.32	3.40	0.55	0.30	0.14	0.839
Hungary	10.11	2.66	0.71	0.79	0.31	0.265
Poland	35.09	0.62	0.39	2.11	0.76	0.037
Roumania	19.85	2.43	0.42	0.26	0.23	2.570
Czechoslovakia	15.24	1.17	0.85	1.10	0.83	—
Yugoslavia	15.63	1.94	0.27	0.15	0.21	3.046
France	41.90	2.24	0.30	0.19	1.30	0.150
Holland	7.90	0.52	0.19	0.68	0.46	—
Italy	43.00	1.88	0.06	0.03	0.15	0.690
United Kingdom	47.39	0.42	0.19	0.00	0.43	—

NET IMPORTS (+) OR EXPORTS (-)
(In million quintals.)

	Wheat		Rye.		Barley		Oats.		Maize.	
	1935.	1938.	1935.	1938.	1935	1938	1935.	1938	1935	1938
Germany . .	+1 46	+12 68	+1 83	+0 85	+1 58	+4 56	+1 80	+1 88	+2 82	+18 95
Austria . .	+1 87	+2 08	+0 58	+0 88	+0 60	+0 45	+0 22	+0 21	+3 87	+3 09
Bulgaria . .	-0 35	-1 09	-0 02	-0 04	-0 02	—	—	—	-0 05	-0 59
Hungary . .	-3 31	-4 36	-0 21	-0 60	+0 07	-0 05	—	—	+2 47	-1 00
Poland . .	-0 69	—	-4 14	-1 08	-2 85	-2 38	-0 90	-0 10	—	+0 01
Roumania . .	-2 52	-8 82	-0 09	-0 22	-1 77	-1 73	-0 17	—	-6 35	-2 42
Czechoslovakia	+0 95	+0 92	+0 01	+1 54	-0 46	-0 57	-0 06	-0 38	+1 22	+0 48
Yugoslavia . .	-0 30	-1 10	-0 02	-0 01	-0 05	—	-0 06	—	-3 88	-4 68
France . .	-1 17	+4 00	+0 01	+0 01	+1 70	+0 73	+0 16	+0 15	+6 25	+7 06
Italy . .	+5 49	+2 28	+0 12	+0 31	+0 87	+0 39	+1 90	+0 08	+2 53	+0 55

Source: *International Yearbook of Agricultural Statistics*, 1939.

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